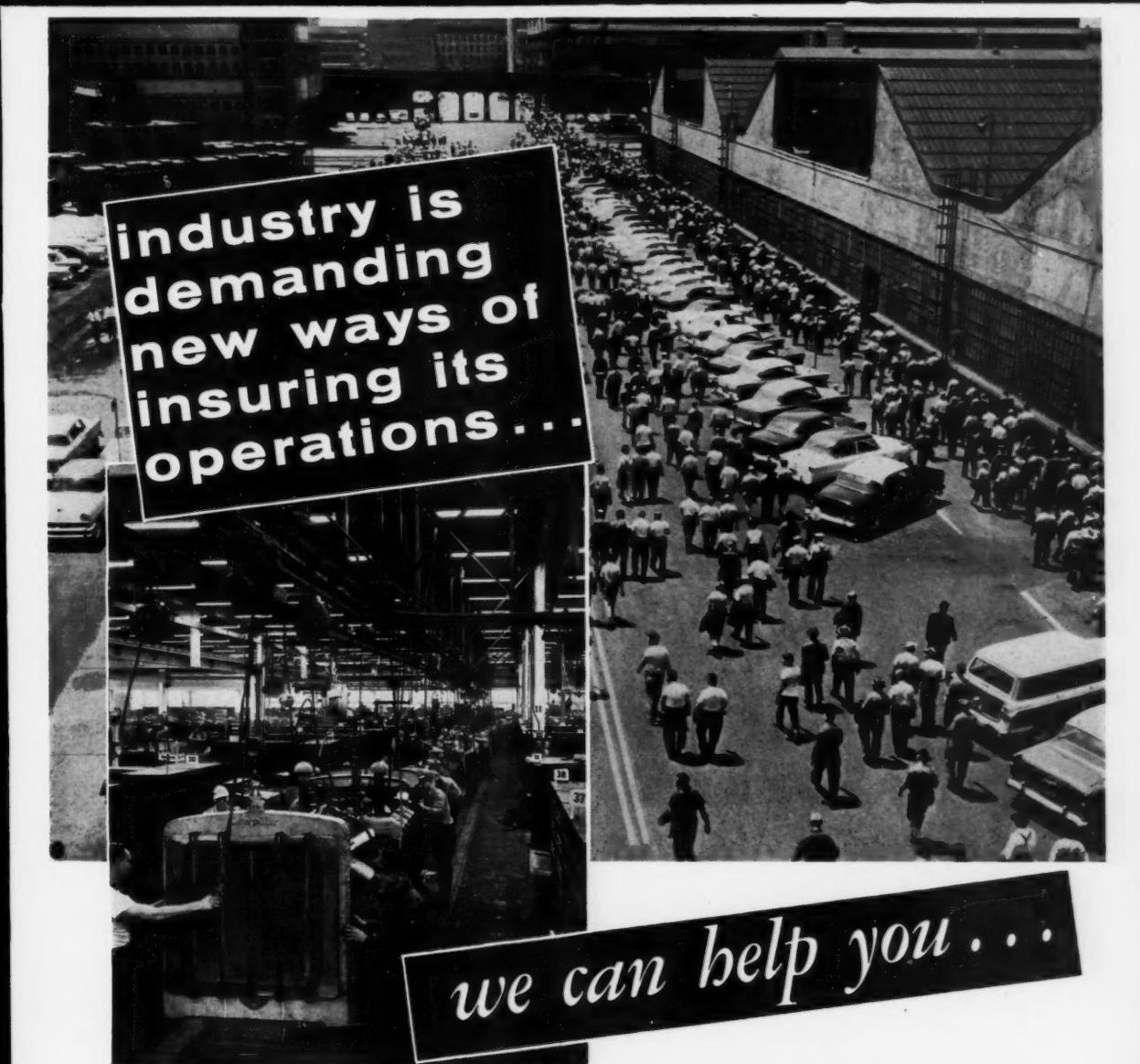


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The NATIONAL UNDERWRITER

The National Weekly Newspaper of Fire and Casualty Insurance

61st Year, No. 38
Sept. 19, 1957

Industry Leaders Offer Ideas On How To Make Money

Better Rating Formula, More Realistic Attitude Suggested At Zone VI Rally

The second and final day of the Zone VI meeting of National Assn. of Insurance Commissioners at Seattle Sept. 9-10 was almost entirely devoted to addresses by company executives, commissioners and advisory officials on problems of current concern to the industry. In the afternoon a closed executive session was held by the commissioners at which it is believed resolutions and recommendations were to be adopted to be presented to the executive committee of NAIC at Chicago on Oct. 16.

Company officials expressed a virtually unanimous desire for rating formula set up on a prospective basis through the proper use of trend factors.

A. E. Buckwell, Utah commissioner, suggested that some thought be given to the reasons why some companies are showing a profit in spite of the generally poor underwriting experience. He also asked if something could not be gained by studying procedures in those states where business remains profitable. In Utah, he said, a check of fire experience for the past five years indicated a loss ratio on an earned basis of 34.7% and according to current figures a rate reduction is in order. He cautioned company executives that "the days of forgetting underwriting profit in favor of investment profit are over."

Local company executives James T. Fletcher, Northwestern Mutual pres. (CONTINUED ON PAGE 10)

Highlights of the Week's News

Kansas City flood insurer writes business at 100% premium rate	Page 6
Agents get "full load" at NAIA workshop on advertising; all phases fully aired	Page 26
Security has new D. C. office, names Pearson, closes at Baltimore	Page 27
Claim Assn. elects Love new president to succeed Wilks	Page 34
Comments on enlarged function and responsibility of agency executive	Page 15
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Landis tells how law impinges on "insurance agency"	Page 9
Parker defends fire rating system, its science and pace; Perlet tells of MPIC	Page 8
Elected Chalmers head of Me. agents association	Page 21
Inter-Regional tells of rating principles, what it is doing in present emergency	Page 12
NAIA lives on budget, has \$108,000 in ads	Page 13
Stockholders vote for Reliance name change	Page 13
Swett & Crawford buys MacGibney-Gruppe, Chicago general agency	Page 25
Name UJF board in Md.; charge agents use FR to force collection	Page 25

British Insurers Win Case Against Larson, Are Reinstated In Fla.

Minister, Andrew Weir, and City General, three British insurers, won the suit they brought against Commissioner Larson in federal court at Jacksonville, Fla., charging he removed them from the list of approved non-admitted insurers, which entitled them to do a reinsurance business in the state, without a hearing and without specifying charges.

Commissioner Larson ordered the companies reinstated on the list of approved non-admitted insurers, effective Aug. 14.

The insurers were represented in their action by Garbarini & Kroll, attorneys of New York City.

Term Multiple Rises In 34 Areas, N. C. Postpones Action

Commissioner Gold of North Carolina temporarily has denied the increase in term multiple from 75 to 85% asked by North Carolina Fire Insurance Rating Bureau. The bureau had asked for prompt action on the filing so that insured would not cancel and rewrite policies to evade the proposed increase. Mr. Gold based his declination on the fire manual rule that prevents cancellation that would work hardship on insured. But he said he saw merit in the filing and suggested it be included in the next annual filing of rates, which is expected mid-October.

The increase in term multiple now has been approved in 34 jurisdictions, of which the latest is Connecticut, where it is effective Sept. 3.

Larson Death Delays NAIA Executive Unit Completion

Due to the untimely death of Harold B. Larson, state national director from Oregon, the appointment of the remaining member of the eight-man executive committee of National Assn. of Insurance Agents has been delayed. Mr. Larson, who suffered a fatal heart attack during the convention of NAIA in Chicago, had been selected for appointment to the executive committee prior to the elections.

Shift Control Of Security, Revamp Top Management

Security-Connecticut has undergone another across the board change in management and control. E. Clayton Gengras, chairman of Fire & Casualty of Connecticut, and a prominent Hartford investor, has succeeded Lester C. Layman as president and a director. He also will serve as chief executive officer. Peter J. Berry, who retired the end of 1956 after 18 years as president, has returned to the companies as chairman. With the exception of one member—Theodore Weisman, Los Angeles attorney—the old board of directors is out, and a new 12-man board has been elected.

Mr. Gengras has personally, and through corporations he controls, acquired a substantial stock interest in the parent company, Security of New Haven. He leads a Connecticut group which has replaced Pacific coast interests in control of the companies since last January.

In addition to Mr. Gengras, Mr. Berry and Mr. Weisman, the other members of the new board of directors are Gerard H. Morrissey, Hartford agent, and a director of Fire & Casualty of Connecticut; John S. Murtha, Hartford attorney, and secretary and a director of F&C. of Connecticut; P. Warren Smith, Kansas City insurance executive, newly named president and a director of F&C. of Connecticut; Donald P. Richter, Hartford attorney and a law partner of Mr. Murtha; Carl G. Freese, president of Connecticut Savings Bank of New Haven; Edwin F. Blair and Richard J. Smith, New York attorneys residing in Connecticut; Louis L. Hemingway, chairman of Second National Bank of New Haven, and Salim Lewis, a partner in Bear, Stearns & Co., New York investment firm, through which Mr. Gengras acquired his holdings in Security-Connecticut.

Mr. Gengras, who was elected president of F&C. of Connecticut upon the company's reactivation in 1949 and who has since become chairman, is a

(CONTINUED ON PAGE 36)

Late News Bulletins . . .

Protest America Fore-Loyalty Marriage

An advertisement appeared in the Sept. 18 *Journal of Commerce* entitled "Stockholders in Opposition to the Proposed Merger Plan of the Loyalty Group." The ad states that a group of stockholders of Firemen's are planning a determined campaign to prevent its merger with America Fore.

Stockholders are urged to send name, address and number of shares to "Stockholders in Opposition" at 1409 Philadelphia Saving Fund building, Philadelphia.

This is the address of "American Underwriter," monthly trade paper published by John E. Dearden, who is under indictment in Essex county (Newark) along with John R. Cooney, former president of Firemen's, for his alleged part in the embezzlement from Firemen's with which Mr. Cooney is charged. "American Underwriter," recently carried a long "Apologia" about Mr. Cooney and Mr. Dearden, written by Mr. Dearden, in which Mr. Dearden opposed the Continental-Firemen's merger, which presently is being negotiated by officers and stockholders of the two groups.

Elect Slawsby V-P At NAIA Convention Windup In Chicago

Grandy Of Iowa Gets Elective Executive Committee Post; Vote Dues Split Formula

One of the less dramatic conventions of National Assn. of Insurance Agents wound up in Chicago with the election of Louie E. Woodbury of Wilmington, N. C., as president and Archie M. Slawsby of Nashua, N. H., as vice-president. There was something of a contest for the elective post of executive committeeman, with George A. Timm of Kenosha, Wis., and Thurston H. Jenkins of Denver, running the winner, William F. Grandy of Sioux City, a close race.

Harold B. Larson, Portland, state national director of Oregon, was found dead in his room on the last day of the convention, and the association memorialized the former president of his state association in a resolution.

The national advertising program was the large topic of this convention. It was discussed, presented and represented. Agency leaders made it clear that there is plenty of determination and a good deal of well laid planning back of the fall drive which agents will make country over to put over the collection of money to start the campaign. Not everyone was optimistic about reaching the total target of \$2 million by Jan. 1, but enough organized effort is going into the drive for the money that it should get past \$1 million and perhaps well into the second million by year end. That would be enough to start the campaign. Perhaps somewhere along the line, companies would become interested in supporting the move, though any definite approach to the companies on this score probably would not be made, if at all, only after the agents have shown that they can get in enough to start the plan. Many agents have expressed the idea that they should demonstrate they can get the members of NAIA to contribute an average per member of less than \$1.50 a week to tell the public what it is they do and have to offer.

As is usually the case, coverages got considerable attention in reports and in discussions at National Board of State Directors. However, even where it was with some apparent reluctance, the agents were not as critical as usual of the insurers, which are exuding red ink, for not going all the way on the recommendations of agents.

Arthur R. Moss of Beloit, president of the Wisconsin association, urged at the directors' meeting that the uninsured motorists endorsement be made a part of the automobile policy at an additional premium, and he suggested each state association submit a similar recommendation to the rating authorities.

H. P. Sargent of Seattle said that in (CONTINUED ON PAGE 28)

Mutuals Agency Conference Shows Underwriting Hue

Rodda Denies Package Policies Are To Blame; Predicts 'All-In-One' Form

By ROBERT C. DAUER

In a mood which clearly reflected current miserable fire and casualty loss experience, members of Conference of Mutual Casualty Companies meeting in Chicago last week for their annual two-day sales and agency conference seemed far more preoccupied with underwriting and management problems than might have been expected of a group concerned primarily with production. There was much emphasis placed on the selection of "quality" business and the correction or elimination of high loss ratio agencies; little emphasis was given to acquisition. Perhaps this is not at all surprising, as this group is establishing a tradition of mirroring the "tone" and direction of the business in its programming.

Registration seemed about on a par with previous meetings with some 120 board members on hand. This year for the first time the conference was divided for one full afternoon into two sections: the vested agency section under the chairmanship of Otto C. Lee, Harleysville Mutual Casualty; the non-vested agency section under Roman N. Eller, Mutual Service Casualty, with W. B. Kinnamon, Farmers Mutual Auto, as moderator.

O. C. Griffith, Shelby Mutual, president of the Conference, got the meeting off to a fast start and kept it humming that way from beginning to end. The opening joint session under Mr. Lee began auspiciously with William H. Rodda, Transportation Insurance Rating Bureau, telling of the development and experience of multiple line and package policies and what he believes their future holds. Mr. Rodda, answering the often-heard charge that package policies are the culprit in recent poor loss experience, cited figures of 1956 loss ratios to show that homeowners experience has been fairly good and that many of the charges against it are unwarranted.

Looking at the future of packages, Mr. Rodda predicted that eventually there will be one policy which will provide for the owner of a one-family dwelling all of the coverages—except life—he wants, in one policy. This, he feels, is going to put underwriting in a really "pressure-packed" spot. "Underwriting mettle will be tested by more and more packages," he said. Mr. Rodda's talk will be reported in detail in next week's issue.

Following Mr. Rodda, Coleman Lee Finkel, American Management Assn., Dean W. Jeffers, Nationwide Mutual, and Paul H. Darling, Iowa National Mutual, discussed the separate aspects of planning and executing expansion by a company into new territories.

Mr. Finkel described the marketing procedure followed by American industry generally when moving into a new territory. To grow, he said, a company must first set a realistic goal. Does it wish to grow 5%, 10% or 20%

(CONTINUED ON PAGE 35)

Mass Market Buys From Those Who Make Buying Handy

David Schenck of Greensboro, N.C., told a workshop session of NAIA on agency perpetuation, expansion and vitalization that the mass market does not seek out the best insurance advisor, or the cheapest product; it does not investigate the financial strength of a company, nor does it care whether it buys from stock, mutual or reciprocal insurers.

The masses buy what is made easy for them to buy, he declared. The competition has made it easy, at counters in stores, via order blanks in mail order catalogues, and, above all, by way of an army of salesmen calling on the mass market.

Door to door peddling may seem low-brow, non-professional, and opportunistic, but it has racked up an imposing record of sales, he said.

The direct writer solicitor has singleness of objective and singleness of method to attain it. He has one job, to sell. Someone else rates and writes policies, handles claims, answers complaints, writes letters, collects premiums, orders supplies, chats with home office representatives, handles accounting, pays for advertising, pays for office rent, etc. He has only a few policies to sell. He is aided in many cases by heavy advertising.

Should, then, the often harassed and multi-occupied local independent agent emulate him? Mr. Schenck thinks not. The direct writer's lower price and sales success have come largely at the expense of their salesmen. But these insurers are having their troubles keeping salesmen, he observed.

The competition is so tough, however, he added. What can be done to meet it? One thing is to advertise, which NAIA is going to do. But this will not be enough unless agents make it easy for the masses to buy. Good advertising must be followed up with good selling and personal contact. Mass advertising must be followed by mass selling—mass selling takes a mass of salesmen.

The NAIA advertising program presents both an opportunity and an obligation—to expand. Every agency should hire new solicitors now, he declared.

The difficulties in way of expansion are many and complex, he said, and he admitted he has not come up with the solution in his own agency. Some seem to feel that a small but thriving agency need only hire one or two so-

(CONTINUED ON PAGE 35)

Reports On Handling Of Cooney Matter By N. J. Department

A special report by Edwin W. Patterson on the evidence in the case of John R. Cooney, former president of Loyalty group now under indictment for alleged embezzlement, has been made to Gov. Meyner. Dr. Patterson is retired Cardozo professor of jurisprudence at Columbia University and author of "Essentials of Insurance Law." The report is based on testimony taken by the New Jersey law enforcement council, a legislative body, into charges that Attorney General Richman and Insurance Commissioner Howell were lax in investigating and acting in the Cooney matter.

Mr. Patterson states in his report that the council hearings failed to turn up any evidence of malice, corruption or dishonesty in the insurance department. However, he recommended changes in the New Jersey law which would separate the banking from the insurance department, give the insurance commissioner broad powers of investigation similar to those possessed by the New York superintendent, provide the commissioner with more power to regulate insurers, afford him larger discretionary powers in connection with insurer licensing and give him authority to remove untrustworthy insurer executives. He also suggested maintenance of closer liaison between the attorney general and insurance department.

The council is scheduled to bring out its report soon. The council is predominantly Republican; the governor is a Democrat.

N. Y. OKs 12½% Hike For Allstate, KOs Request By Bureaus

The New York insurance department has approved an average increase of 12½% in auto liability rates for Allstate.

The department has declined to approve increases asked by National Bureau of Casualty Underwriters and Mutual Insurance Rating Bureau of around 18%. It is understood that the department counter-offered 4%. The companies now are discussing the situation to determine their next move.

Allstate indicated it had a substantial loss on New York business in 1956 and claim costs still are rising. The company has about 750,000 policies in force in the state.

Shown outside Henry Clay's house in Lexington, Ky., following ceremonies at which North America dedicated a monument to Thomas Wallace, this country's first insurance agent, are (left to right) J. R. Montgomery, president of Kentucky Assn. of Insurance Agents; John A.

Northington Tells Need For Agent And His Responsibilities

Tennessee Commissioner Replaces Navarre At NAIA Closing Session

Commissioner Arch Northington of Tennessee, vice-president of National Assn. of Insurance Commissioners, offered a determined defense of the American agency system at the closing session of National Assn. of Insurance Agents in Chicago last week. Mr. Northington was substituting for Commissioner Navarre of Michigan, NAIC president, who was taken ill at the last moment, and he acknowledged that the ideas were jointly his and Mr. Navarre's.

Opening his talk with a review of the agency system in the United States and the Yonkers and other cases which established ownership of expirations, Mr. Northington compared this system with that used by competing companies. He maintained it is the ideal system, but added that it implies great responsibilities. No chain can be any stronger than its weakest link, and it is incumbent on agents to be able to offer and actually to deliver the service to the public which they promise and which their position implies.

Illustrating the importance of the agent, Mr. Northington said:

"If everyone were an expert in all lines of insurance and if everyone could know the latest developments in each field; if everyone could take the time to check and compare benefits and services provided by the various companies; and if everyone were writing sufficient volume in a particular insurer to be a factor with a particular company; and if everyone knew the district manager or the field man in his territory, or could call the state agent by his first name; if everyone knew how to make out a form of claim, if one were to arise, or even when to put in a claim under the provisions of the contract; or if everyone worked with claims adjusters as a part of his business and knew his rights and the practices and procedures usually employed in the adjustment of claims; if everyone knew all there was to know about servicing the contract of insurance during the continuance of the contract and in the event of claims arising thereunder; and if everyone—knowing all there is to know—had the time, capacity and facilities for performing all the various services involved in the purchase of almost any insurance contract; and if the machine or mechanical device which delivered the policy could hang its head in shame, and be sorry, or sued, for its mistakes, the insurance agent salesman might possibly be less vital as a link in the distributive system."

Mr. Northington praised NAIA for its constant and successful fight to establish and preserve the independent agency system and also for its acceptance of the responsibilities of the agent, citing the Milwaukee declaration of 1924 as an outstanding example of this.



Diemand, president of North America; Mrs. Bradford Smith Jr.; Mr. Smith, executive vice-president of North America, and Commissioner Thurman of Kentucky. North America appointed Thomas Wallace, a Lexington merchant, its fire insurance agent in Kentucky in 1807, thus bringing the American agency system into being.

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The NATIONAL UNDERWRITER

"The Windshield Replacement Guide"

WINDSHIELD REPLACEMENT GUIDE

Presented by Shatterproof Glass Corporation as part of its "Pledge of Guaranteed Installation Service" used by Authorized Shat-R-Proof Dealers.

The primary function of a windshield is to provide safe driving vision—If a windshield is damaged in a location that interferes with safe driving, IT SHOULD BE REPLACED ACCORDING TO THE FOLLOWING SUGGESTED GUIDE:

THE TYPE OF GLASS DAMAGE	DESCRIPTION	WINDSHIELD REPLACEMENT GUIDE
OUTRIGHT BREAKAGE	Glass that is shattered or cracked either on the inside or outside surface.	ALWAYS REPLACE
STAR BREAK	Wanton break with cracks radiating from point of impact. Will spread.	ALWAYS REPLACE
SAND PITS OR HAZE	Fine pits or haze over glass surface due to sand storms.	REPLACE IF VISION IMPAIRED
STRAIN CRACKS	A crack with no point of impact and not originating from the edge of glass. Generally due to improper mounting. Will spread.	ALWAYS REPLACE <small>(Repair may be required on new cars. Replacement may be responsibility of selling dealer.)</small>
BULL'S EYE HALF MOON	Non-rented, circular or half-circular chips cut dislodged from glass. Will not spread unless accompanied by Star Break.	REPLACE IF: <small>In Acute Area: • Over 1/16" in Critical Area • Dislodged by a Star Break</small>
STONE NICKS OR CHIPS	Small glass chips dislodged from the glass. Will not spread.	REPLACE IF: <small>• Over 1/16" in Acute Area • Over 1/16" in Critical Area</small>

A REASONABLE APPROACH TO WINDSHIELD REPLACEMENTS

1. Windshields are made to look through—not at. Since many small non-replaceable "opportunities damages" do not affect safe driving vision, they should be considered the same as tiny paint chips on the car body.
2. Most damage (bull's eyes, chips, etc.) classed as non-replaceable, does not grow in size. However, if it does spread, or others occur to impair safe vision, insurance coverage is still in force.

Expert judgment should be used in making all windshield replacements to insure customer safety and satisfaction.

Code of Ethics of a Good Installation Shop

- No cash settlements or unusual arrangements should be made on any glass or car "Trade-In" replacements.
- Make certain that work charged for is necessary, and that it is performed satisfactorily.
- Check warranty period on new cars. (Replacement may be responsibility of selling dealer.)
- Check effective date of insurance policy before replacing "old break" (Usually distinguished by dislocation along edges of crack)
- Substitution of tinted or shaded windshield for clear should never be made without notifying insurance company and owner paying the difference.

UNNECESSARY REPLACEMENTS CAN MEAN INCREASED RATES OR LIMITATION OF GLASS COVERAGE

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what kind of tailor are you?

Do your insureds' policies fit today's semi-inflationary conditions—or have replacement costs far outgrown their existing coverage? Do your own books show the soundest, most profitable "balance of growth" between increased policy face values and greater number of policyholders?

Dubuque F & M has been making an intensive study of just such factors in today's economy. A friendly discussion with your Dubuque F & M man may prove invaluable to you right now. He'll gladly call on you—if you'll just write and tell us your "Welcome" mat is out!



Kansas City Flood Insurer Writes Business At 100% Premium Rate

KANSAS CITY—Despite the refusal of Congress to enact legislation to put the proposed Federal Flood Indemnity Administration into operation, flood insurance is being written, and at one of the worst flood locations in the United States—the junction of the Missouri and Kaw rivers in Kansas City, where in 1951 damage in excess of \$980 million occurred when the rivers overflowed.

The business in Kansas City is being underwritten by National Flood Underwriters, a reciprocal, of which G. Richard Challinor is the head man. Mr. Challinor is president of Flood Insurance Associates, the attorney-in-fact of National Flood Underwriters, and is aviation commissioner of the Kansas City Chamber of Commerce.

National Flood Underwriters was licensed in Missouri in July and is expected to be licensed shortly in Kansas. Its headquarters are in the heart of the flood district, 1200 Union avenue.

National Flood Underwriters charges a premium that is 100% of the amount of risk. The attorney-in-fact does not deduct a management fee from the premium in order to leave all the money available for total loss. The income for the attorney-in-fact is derived from investments, while the insured can list his premium as a deductible operating cost.

A \$2,500,000 risk would pay an annual premium for 10 years of \$250,000, but it could save the corporation tax on this amount, to produce a net premium of \$1 million in ten years. However, the insured would only be covered in the first year for \$250,000, the amount of insurance increasing

each year exactly as the premium increases.

Investment income in excess of the fee for the attorney-in-fact is deposited in a surplus account for each insured and compound interest is accumulated. In order to secure this money, however, the insured would have to cancel.

G. R. Challinor received most of his insurance advice from his uncle, John E. Challinor, executive vice-president of Lynn Underwriting Co. and U. S. Epperson Underwriting Co. of Kansas City, attorney-in-fact for Lumbermen's Underwriting Alliance and Universal Underwriters. J. E. Challinor continues as insurance advisor to the reciprocal, but the Epperson group has no connection with it. It is intended that National Flood Underwriters will operate for the present only in Missouri and Kansas, expanding only after experience is accumulated.

Flood Insurance Associates is writing directly without agents. Arthur F. Weber, president of Weber Paper Co. of Kansas City, is secretary-treasurer.

G. Richard Challinor became interested in developing practical flood insurance when he was secretary of the Kansas City Chamber of Commerce emergency flood committee. Recognizing there was no opportunity to moderate exposure by insuring risks which probably would not have a flood loss, it was determined that the actuarial exposure would be 100%, and the premium would have to be 100% of the amount of risk.

Mr. Challinor explains that the idea is to persuade the insured to build his own reserve, and as the plan works out the actual flood exposure can be determined.

In operation, Mr. Challinor said, a \$100,000 flood risk would pay premiums of \$10,000 the first year, and a like amount each year for 10 years. Mr. Challinor said he does not feel this is the ultimate answer to flood insurance problems, but he is encouraged that the ability to underwrite a flood risk and build up reserves might permit National Flood Underwriters to expand and develop its operation even nationally.

Indication of the interest in his plan is the fact that even before the Missouri license was granted it was necessary to set up an escrow arrangement under which premiums were accepted and insurance commitments made subject to licensing. Kansas risks are now adopting the same procedure pending approval there.

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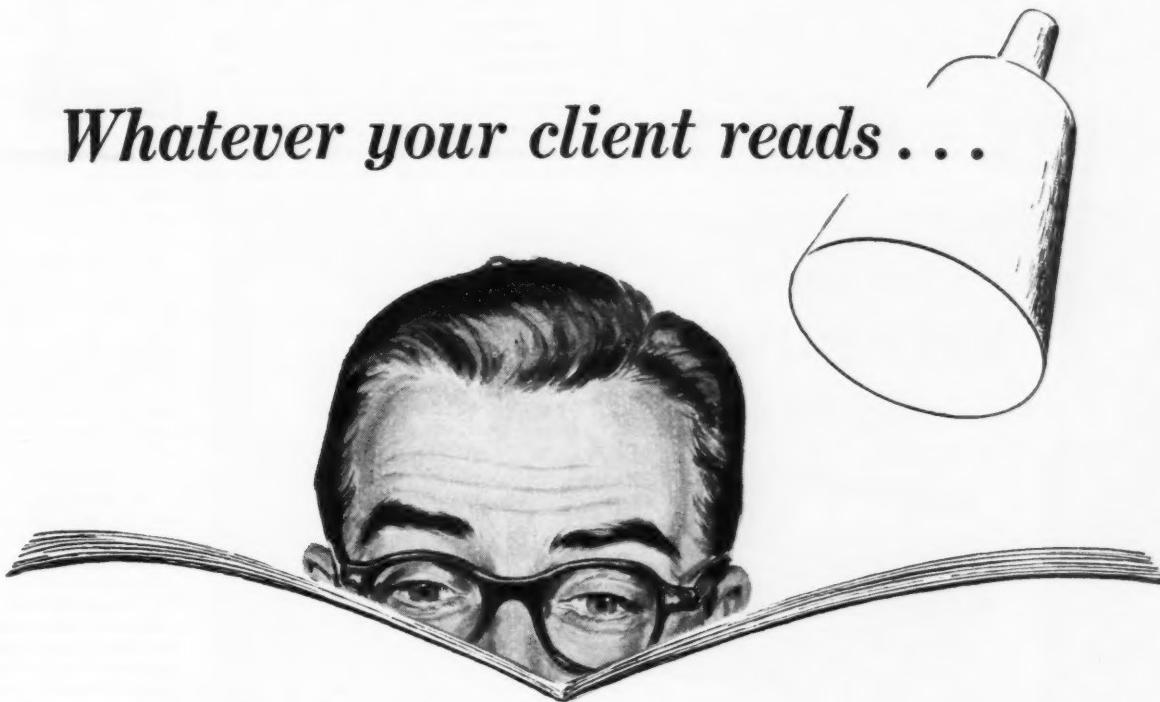


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Parker Defends Fire Rating System, Its Science and Pace; Perlet Tells of MPIC

By BERNARD P. McMACKIN, Jr.

An energetic defense of fire rating methods and bureaus, which have been the subject of some discussion in recent months as the fire companies lost more and more money, was presented by Kent H. Parker, manager of Western Actuarial Bureau, at the breakfast meeting of the metropolitan

and large lines agents committee during the convention in Chicago of National Assn. of Insurance Agents. Mr. Parker asserted that fire rates are getting too much blame for the red ink of 1956-57, and that there are some basic misconceptions at the bottom of this criticism.

H. F. Perlet, manager of Multi-Peril

Insurance Conference, described that organization's operations and aims. Philip Bronson, Seattle, presided at the session, which drew a big crowd.

Those who blame fire rating bureaus and procedures for the underwriting losses the last two years err in judgment because they do not understand fire rating, according to Mr. Parker. He said bureau people have become somewhat hypersensitive about this type of criticism.

There has been a tremendous amount of print or talk directed in the last six months or so to the ailments of the fire business and the reasons or assumed reasons for its maladies, he said. The diagnosis is invariably gloomy and the prognosis makes the dullest bureaucrat wince. Each practitioner adds his observations on the bad appearance of the patient and invariably lays principal blame on the rating bureaus and rating procedures. And because fire is still the predominant line in most cases, the impression is usually left dangling that it is the fire rating bureaus and fire rating procedures that are most suspect.

The technical rating branch of the fire business claims no special gifts of prophecy or exemption from error, he said. Before making any rate recommendation of major importance, bureau men always seek a slight touch of a rabbit's foot. Mistakes involving judgment are unavoidable. They are part of any business. But the bureau people work as best they can to limit the mistakes, and they must accept the criticism when subsequent events prove their judgment was wrong.

Mr. Parker disavowed any attempt to determine the degree of responsibility of any part of the business for unsatisfactory underwriting experience. Individual acts, whether broadened forms, discounted rating plans, liberal loss adjustment practices, loose underwriting or higher acquisition costs, all influence underwriting results. But no individual or company or bureau deliberately sets out with red ink as a goal. The competitive forces of the market place continue to govern such acts and presumably



Kent H. Parker



H. F. Perlet

foster benefits which ultimately exceed the adverse effect of competitive abuses.

If in the drive of the market-place the business has gone too far too fast, "we cannot castigate our decisions because the business was unlucky enough to run into a concurrent but opposite trend of loss experience," he said. "We can only work to consolidate the gains made in coverages and forms, correct the obvious errors and adjust the operations of our business to the realities of 1957, and in doing so we must also keep in mind that in spite of red ink, 1957 is as tough and competitive a year as anyone has seen in a long while."

Are fire rating methods at fault? Can these methods meet the requirements of today's business pace? Are the fire rating bodies guilty, as some have avowed so frequently of late, of being operators of a horse and buggy school of rate making?

The critics err in judgment as to what is wrong because they do not understand fire rating, Mr. Parker declared. They are complaining because the machine does not have an obvious gear handle or clutch. They are baffled as to how it shifts to meet a short term change in loss cost. They resent the apparent lack of speed or absence of a visible means to increase the velocity. The prevalent view is that fire rate making, because it is predicated on the theory of probabilities and the law of averages, is not capable of the speed required by modern underwriting. The responsibility for

(CONTINUED ON PAGE 32)

**As advertised
in NEWSWEEK**

**During the life
of the policy,
your client
will appreciate
the value of
Hartford
Steam
Boiler's
inspection
service,
aimed at
preventing
accidents;
and the helpful
suggestions
for prolonging
the useful
life of his
equipment.**



A plant's earning capacity depends on its power. Hartford Steam Boiler's one business is to help its policyholders keep power equipment *alive* and to protect them from losses in case of accident. In this undertaking it gives policyholders *extra value* in expert underwriting assistance *Before* a policy is issued, accident prevention service *During* the policy's term, and efficient rehabilitation help *After* an accident.

BEFORE You benefit from the *extra value* of the specialized underwriting background and experience of Hartford Steam Boiler, through its Special Agent. He is ready to assist you and your agent in fitting coverage to the specific requirements of your plant.

DURING Working full time to keep power alive are more than 600 HSB Field Inspectors, one of whom is near you. He is skilled in accident prevention — his recommendations may increase the useful life of your boilers and machinery.

AFTER If an accident should strike, HSB specialists, *familiar with your equipment*, can be on the scene promptly — to assist in restoration, to promote quick settlement.

You can obtain these Extra Values through your own Agent or Broker.



The
**HARTFORD STEAM BOILER
INSPECTION
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**Serving the Nation's Industry
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**WORKMEN'S COMPENSATION • LIABILITY • AUTOMOBILE
GROUP ACCIDENT & SICKNESS**



ARGONAUT INSURANCE
HOME OFFICE: MENLO PARK, CALIFORNIA

LANDIS TELLS HOW**Law Impinges On "Insurance Agency"
Importantly And In Particular Ways****PART II**

An agent's oral misinterpretation of unambiguous provisions in reporting form fire policies did not affect a modification of them. Insured could recover only the under-reported value of their property. *Albert vs Home F&M*, Wisconsin supreme court, March 5, 1957, 9CCH (F&CC) 76.

An agent, employed to procure insurance, must exercise good faith, reasonable skill and ordinary diligence, and must make insurance on the best terms he is able to obtain. If he is a professional agent, he must have knowledge of different companies and terms available, but in the absence of showing knowledge that better terms could have been obtained, an agent need only show good faith and reasonable diligence.

An agent is engaged in an occupation or vocation so that entries made by him on his policy register are not made in a professional capacity or in the course of professional conduct within the meaning of a statute rendering entries so made admissible in evidence—where the agent was dead. Rather, in order to constitute a profession, the employment or vocation must be such as requires the use or application of special learning or attainments of some kind.

If people occupying a professional position take it upon themselves to give advice upon a matter directly connected with their profession, then they are responsible for seeing that they are equipped with a reasonable degree of skill and a reasonable stock of information so it is reasonably safe for them to give that particular piece of advice, Mr. Landis observed. If they do take it upon themselves to express a definite opinion, knowing that their client will act upon it, they are responsible if they give that information without taking reasonable care for its accuracy, so that it may be reasonably safe in the view of a reasonably prudent man to express that opinion.

Mr. Landis noted that it has been reported that an agent in an eastern Ohio city applied for the rental of space in a building constructed under a zoning ordinance limiting its use to professional purposes. The agent was denied admission as not qualifying under the zoning code.

Decedent was engaged in the real estate and insurance business. Shortly before his death, he procured several policies, the premiums for which were billed to him. He received the check for the premiums from insured and deposited it in his personal account the day before he died. Since there was not sufficient money in the estate to pay all creditors, insurers sought to impress a trust on the money in the account. The defendant's contention, that the relationship between the decedent and the insurers was that of debtor and creditor, was held untenable and, as he was merely an agent of the companies, the monies collected by him were received for purposes connected with his agency. A trust was declared. *In Re Summer*, New York surrogate court, March 18, 1939, I (F&CC) 153.

Is an agent for a fire insurer, who

controlling nor having the right to control the details of his physical movements is not responsible for incidental negligence while such person is conducting the authorized transaction. The agent was free to walk, drive a car, take a taxi, or ride a public conveyance. *Glynn vs M.F.A. Mutual*, Missouri supreme court, Nov. 10, 1952, 1 Auto Cases (2d) 165.

In a unique Texas case a discontinued agent succeeded in commanding a company cancellation no-

tice. The opinion discusses the doctrine of apparent authority. *Western Millers Mutual vs Williams*, fifth U.S. court of appeals, April 12, 1956, 8 (F&CC) 939.

Faulty or loose language by courts is illustrated in the following:

A Tennessee appeals court, in a case in which Sen. Kefauver's law firm took part, said: "We know, as a matter of general knowledge, that policyholders rely upon brokers (sic) to look after the renewal of policies and to notify them of any termination of in-

(CONTINUED ON PAGE 22)

NOW!

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JACK BENNY

on the air for you... CBS RADIO
every Sunday evening 7:00-7:30 (E.D.S.T.)
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PRE-SELLS YOUR PROSPECTS...
ALL YOU HAVE TO DO IS
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Here is a selling program especially designed to help you get your full share of business from the 10,815,000 listeners the Jack Benny show reaches every month. You can sponsor your own selling message—directing listeners to *your* agency—on the same CBS Radio stations your prospects tune in to hear their favorite comedian. Your local CBS Radio representative will be glad to help you to plan your own campaign. The more you cooperate with the show, the more insurance prospects it can bring you.

PLUS Powerful Advertising in America's Favorite Magazines—The 19,700,000 readers of *THE SATURDAY EVENING POST* have been added to the millions of insurance prospects already being reached for you by *The Home Insurance Company's* full-page advertising program in *TIME* and other leading publications reaching a total of 52,476,000 readers! This tremendous combination of magazines and radio will reach the eyes and ears of *more insurance prospects* than ever before! Identify *your* agency as the one that readers and listeners in your area are being urged to see.

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Home Office: 59 Maiden Lane, New York 8, N. Y.
THE HOME INDEMNITY COMPANY
Casualty Insurance • Fidelity and Surety Bonds

IS YOUR CLIENT PROTECTED?



He came - a Visitor He left - a Plaintiff

More people — friends and strangers alike — are making more personal liability claims than ever before. Court records prove it.

Here's just another reason why your assured deserves the best in protection against a costly liability suit or expensive medical bills.

Recommend the protection of a Comprehensive Personal Liability Policy. It's inexpensive, up to the minute and easy to sell. There are still many prospects not covered by any form of policy. Get your share.

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THE LONDON & LANCASHIRE INSURANCE COMPANY, LTD.
SAFEGUARD INSURANCE COMPANY
STANDARD MARINE INSURANCE COMPANY, LTD. (Fire Department)
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NEW YORK • CHICAGO • SAN FRANCISCO
A firm friend of the American Agency System

Tennessee Agents To Discuss NAIA Ad Tieup

Insurers of Tennessee will consider a tieup of the organization's successful statewide advertising and public relations program with the proposed National Assn. of Insurance Agents campaign at the Tennessee annual meeting at Chattanooga Oct. 21-22. It will probably be the major item of business at the meeting.

The plan in general involved combining the new NAIA "Independent Agent" service mark with the "Insurer Insured" symbol used by the Tennessee agents for several years. In addition to the now commonly used automobile bumper stickers, it is planned to make available boat and agency stickers and highway signs, with the "Insurer" symbol. M. B. Reynolds of Nashville is chairman of the Tennessee agents advertising and public relations committee and has worked on the subject with Doremus & Co., NAIA's advertising agency.



Brokers and agents — the insured relies on you

You will safeguard your client's interest if you recommend American Appraisal Service as a basis for proper insurance protection.

An American Appraisal report is complete and accurate—supported by evidence that compels acceptance...and by records that will be available whenever proof is needed.

The AMERICAN APPRaisal Company

SINCE 1896 . . . LARGEST . . . MOST WIDELY USED
Home Office: Milwaukee 1, Wisconsin

Atlanta	Cleveland	New York
Baltimore	Philadelphia	Pittsburgh
Boston	Detroit	St. Louis
Buffalo	Kansas City	San Francisco
Chicago	Los Angeles	Washington
Cincinnati	New Orleans	

Affiliated: Canadian Appraisal Company, Ltd.
Montreal and Toronto

Texas Fire Hearing Set For Sept. 25

Commissioner Harrison of Texas has announced that the annual hearing on fire, wind, EC, hail and inland marine rates, rules, forms, etc. will be Sept. 25 at Austin. Copies of the printed agenda will be available Sept. 20.

Madison GA In New Office

Reitan-Lerdahl & Co., general agency of Madison, Wis., has moved to new quarters at 448 West Washington avenue. Robert Taylor, president of Mill Owners Mutual, will speak at an open house for agents Sept. 24.

There's a world of experience goes into the writing of Unusual lines of insurance.

GENERAL LIABILITY

WORKMEN'S COMPENSATION

FINANCIAL RESPONSIBILITY

HARD TO PLACE RISKS

TAXICABS

TRUCKS - BUSSES

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General Insurance Agents

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ATLANTA, GA.	BALTIMORE 2, MD.	DALLAS 5, TEXAS	DENVER 2, COLO.	LOS ANGELES 17, CALIF.	MIAMI 38, FLA.	SAN FRANCISCO 4, CALIF.	SPRINGFIELD, ILL.
Trinity 4-1635	MULberry 5-2504	Lakeside 6-8683	AMherst 6-0243	DUnkirk 8-3161	Plaza 7-7658	EXbrook 2-8842	8-4305



82 "INVISIBLE" ASSISTANTS

... THAT'S THE AVERAGE NUMBER OF HOME AND REGIONAL OFFICE SPECIALISTS WHO FREE EACH INDEPENDENT STATE FARM AGENT FOR FULL-TIME SALES AND SERVICE

Because of State Farm's unique system for handling routine details in Regional offices throughout the country, State Farm agents have more time to perform their indispensable function: to counsel and guide clients

in sound programs of auto, life and fire insurance, and to give claims their prompt, personal attention.

More than 7,500 independent State Farm agents find that this system affords them unlimited opportunities for growth, earnings, and deep personal satisfaction...the sort of opportunities you'd expect from the company that insures more cars than any other company in the world.

This is one in a series of advertisements to acquaint you with State Farm Mutual Automobile Insurance Company, Home Office: Bloomington, Illinois. If you would like to know more about any aspect of State Farm operations, simply write: "Director of Public Relations."



Attention:**All Royal-Globe Agents**

Are You Aware of the Royal-Globe Agents' School?

The education that the Royal-Globe gives to its "Multiple-Line Fieldman" trainees has long been the high standard of the insurance industry.

Less well-known is the fact that twice a year the same training facilities and the same faculty are available to Royal-Globe agents tuition-free.

ROYAL-GLOBE AGENTS' SCHOOL has several advantages:

1. Complete MULTIPLE-LINE curriculum.

Seven weeks of concentrated training organized with the "know-how" acquired by years of developing special agents.

2. CASE STUDY method of instruction.

Learn to analyze the overall risk, the way you must actually do it in practice.

3. Emphasis is on BASIC INSURANCE EDUCATION, rather than sales techniques.

R-G believes that knowledge of product is the best producer of sales.

If you are interested in improving your knowledge of your product, or if you have a young trainee in your office whom you would like to have trained for you, write to our Education Dept. for our course brochure or ask your R-G Multiple-Line Fieldman for information. He can tell you a lot about this course because he is a graduate of a similar one.



CASUALTY • FIRE • MARINE • SURETY

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ROYAL INSURANCE COMPANY, LTD. • THE LIVERPOOL & LONDON & GLOBE INSURANCE COMPANY LTD.
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NEWARK INSURANCE COMPANY • STAR INSURANCE COMPANY OF AMERICA • AMERICAN AND FOREIGN
INSURANCE COMPANY • THE BRITISH & FOREIGN MARINE INSURANCE COMPANY LTD. • THAMES
& MERSEY MARINE INSURANCE COMPANY, LTD. • VIRGINIA FIRE & MARINE INSURANCE COMPANY

Inter-Regional Tells Of Rating Principles, What It Is Doing In Present Emergency

The position of Inter-Regional Insurance Conference with respect to fire rating, fundamentally and in light of the present emergency, was presented to the Zone VI meeting at Seattle by Charles M. Close of Great American, chairman of Inter-Regional's committee on rate level adjustments, and Felix Hargrett of Home, chairman of Inter-Regional's committee on the term rule.

The statement made clear that Inter-Regional has been alive to the problem of increasing loss and expense trend for months and has been studying its several phases intensively. The organization called a meeting of rating bureau managers and their chairmen March 1 in New York to go over the seriousness of the situation and means by which to cope with it. In addition many senior executives attended the conference.

Primary purpose of the meeting was to discuss means by which rate level adjustments, indicated by the latest five-year experience then available, 1951-55, might reflect adequately the alarming loss trend which had developed in 1956.

As to that trend, language used at the March 1 meeting was: "We do not have in mind any action which cannot be supported by, nor any departure from, basic principles contained in the all-industry bill and the rate level adjustment procedure which we have previously recommended to you." The "principles" referred to were those requiring due consideration be given past and prospective loss experience, to past and prospective expenses. The "prospective" was emphasized.

The rate level adjustment procedure of Inter-Regional was drawn up and recommended to all rating bureaus in 1955. This embodies a 6% underwriting profit factor, with a two point tolerance either way before rate changing; annual review of the rate level over-all but not necessarily an annual rate adjustment. Also, use of all available and relevant premium and loss statistics, including loss adjustment expenses, of both member and subscriber (and deviating) company figures adjusted to reflect current rate levels. Loss experience of not less than the most recent five-year period shall be used—10 years for extended coverage.

Also, only experience of member and subscriber stock companies shall be used on expenses other than loss adjustment expenses, reflecting comparable methods of operation and acquisition costs. Expense figures shall not be separated as between commissions and premium taxes and all other expenses.

And due consideration shall be given loss experience, expenses, and all other relevant factors in and outside the state, including informed judgment on economic trends, social conditions, new processes and inventions and other factors which may affect prospective loss experience and expenses.

At the March 1 meeting Inter-Regional stressed that it had no fixed formula for considering prospective losses and expenses, that the unprecedented underwriting loss situation was a fairly recent development, that solution of so involved a problem would take time.

However, the conference counseled

rating bureaus not to delay needed rate level adjustments while awaiting a formula for dealing with prospective loss experience and expenses. It emphasized their familiarity with conditions in their own jurisdictions and urged them to do the best they could within the framework of their rating

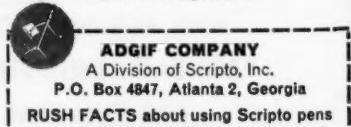


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This "Silent Salesman" Puts Your Message In Their Hands!

- Scripto pens and mechanical pencils keep your sales story at the fingertips of your prospects!
- Adgif offers you 40 fabulous models—ball pens with famed Rx® ink...pencils...sets—complete line!
- Eleven sparkling barrel colors...two tones...nine contrasting sales message inks!
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- You can afford to use Scripto. Send this coupon now!



RUSH FACTS about using Scripto pens and pencils in my sales promotion activities. Please include prices. I understand there is no obligation.

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The World's Largest Selling Line! Over 70 Million Pens, Pencils Sold in 1956!

ADVERTISING SPECIALTY SALESMEN! A few U.S. territories are still available. Direct sales only (no jobbing)...protected accounts...firm selling prices...80% repeat business. Write in confidence to box number in coupon.

laws and Inter-Regional principles, to obtain proper rate level revisions.

Inter-Regional told rating authorities that it was taking the extraordinary step of obtaining much earlier than usual all available 1956 fire and EC experience, and would supply this information to them several months earlier than usual. These figures, while not final, would show aggregate premiums and losses by state, though not by class, and they would necessarily involve certain approximations. However, they would produce an approximate earned-incurred loss ratio for 1956 and would reveal a much earlier than usual indication of the loss trend during that year.

It was not intended that these 1956 preliminary results be used to supplant (or be combined with) any portion of the normal five-year experience period on which rate level adjustments are customarily based, "but rather that this data be viewed as additional data providing an indication of the loss experience trend and as a reliable and more current indication of present and prospective experience."

Since the March 1 meeting committees of the conference have continued their studies, and are actively considering several suggested ways of giving "due consideration" to prospective losses and expenses. These suggestions have come from rating bureaus and companies.

So much for the consideration being given by this Conference to the treatment of prospective loss experience and prospective expenses. This work is being carried forward diligently.

The increase in the multiples for term policies is making excellent progress; 34 rating jurisdictions already have approved the change. This is a splendid example of the kind of accomplishment possible when there is a high degree of cooperation between regulation and industry. Mr. Close and Mr. Hargrett pointed out at the zone meeting in Seattle, however, that the change of term multiples will provide little increase of premium income for the next two or three years, and that its full effect of approximately 6½% will not be felt until at least five years have elapsed.

Inter-Regional is engaged in carefully developing an actuarial adjustment of the charge made under the installment premium payment plan for deferred payment of premiums and expects to be able very soon to advise with the rating organizations nationwide on this subject. Recommendations will be fully documented.

The conference is making every effort to achieve reasonable consistency among rating organizations in the utilization of fire and EC premium, loss and expense figures in the adjustment of rate levels. In doing so, the conference is opposed to emergency rate increases of an arbitrary nature as well as rate level adjustments which are made without regard to the merits of the several classifications involved. The principles of Inter-Regional are supported by its entire membership.

Fire rates are made state by state, and member companies of Inter-Regional are genuinely concerned over the probability of widely divergent expense formulas applied state by state, to the detriment of their national operations, Mr. Close and Mr. Hargrett told the commissioners. They called attention also to the serious loss due to flat cancellations and said they would welcome practical ideas for reducing this inherent expense drain.

NAIA Lives On Budget, Has \$108,000 In Ads

C. S. McNew Jr. of Pine Bluff, Ark., treasurer, reported to the convention of National Assn. of Insurance Agents in Chicago that for the fiscal year ending Aug. 31, operating income was \$382,055. This was made up of state association dues of \$252,800, American Agency Bulletin advertising of \$108,582, bulletin subscription of \$1,557, tuition fees of \$9,498, interest on securities of \$3,228 and miscellaneous \$6,388. Total expenses were \$381,948.

The sale of new "Big I" insignia material was in large volume, cuts 5,306, mats 3,682, posters 4,104, policy labels 2,906,400, decals 13,332, and bumper strips 87,861.

This year has been the best in history in dues collected, Mr. McNew reported. All states had paid their dues in full for the year 1956-1957, the first time since 1948. The advertising program has been an expensive operation, and with the exception of the direct expense of Doremus & Co., which has been charged to the advertising fund and \$5,793 which has been set up as a deferred expense, all additional expense has been absorbed in the present budget. Overhead and expense continues to climb, he said, but dues to individual members have remained about the same for eight years. This fiscal year the dues have been increased only 52 cents per member.

As of Aug. 31, total assets of the association, excluding the contingent reserve fund, were \$238,805, and book value total assets, including the reserve fund, were \$498,036. Total liabilities were \$69,858.

Stockholders Vote For Reliance Name Change

The merger of Reliance of Philadelphia and Eureka Casualty into Fire Association of Philadelphia and the change of name of the surviving company to Reliance was voted at a special meeting of stockholders.

The vote in favor of the merger and change of name represented 75.2% of total shares outstanding. Less than 1% of the stockholders voted against the merger and change of name.

President Kenneth B. Hatch stated that the management had considered for several years the advisability of recommending the change of name. He said that Fire Association had enjoyed a long and honorable reputation in the property insurance field. However, the name was not described

tive of the business in which the company is engaged, particularly since the advent of multiple line underwriting. It is felt that producers and the insuring public alike will more easily identify the name Reliance with the business in which the company is engaged. Reliance has been in existence since 1841.

The merger and change of name are effective at year end. Mr. Hatch said that in addition to complying with the regulatory requirements, steps are being taken to properly supply producers with the necessary policies and forms to effect a smooth transition.

Airway Underwriters Names Kull

Airway Underwriters Inc. of Ann Arbor, Mich., has named Ronald L. Kull vice-president in charge of sales development.

AGGRESSIVENESS

...A typical attribute of the most successful Insurance Agents

Bold, decisive aggressiveness—tempered with practical common sense—is the mark of men who have reached an executive status in their chosen field. Insurance agents with this quality invariably prefer to represent companies with exceptionally aggressive (and progressive) managements.

PAN AMERICAN

Fire & Casualty Company

EARL W. GAMMAGE, PRESIDENT

P. O. BOX 1662



T. EARNEST GAMMAGE JR., EXEC. V. P.
HOUSTON 1, TEXAS

are things a little bit DISORGANIZED?

A little here . . . a little there . . . is that the way you have been writing mutual policies for your clients? If you hesitate to write complete coverages in one company, remember that Lumber Mutual is one of the few multiple peril mutual companies . . . and that Lumber Mutual protects you and your clients through their own widely and wisely diversified program.

Paul Bunyan Jr.



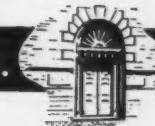
- FIRE • INLAND MARINE
- HOMEOWNERS' and COMPREHENSIVE DWELLING POLICIES
- PERSONAL LIABILITY
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For further information contact:
KEITH W. SKILLIN, Agency Supervisor
at address below

A Multiple Line Company

The LUMBER MUTUAL FIRE INSURANCE CO.

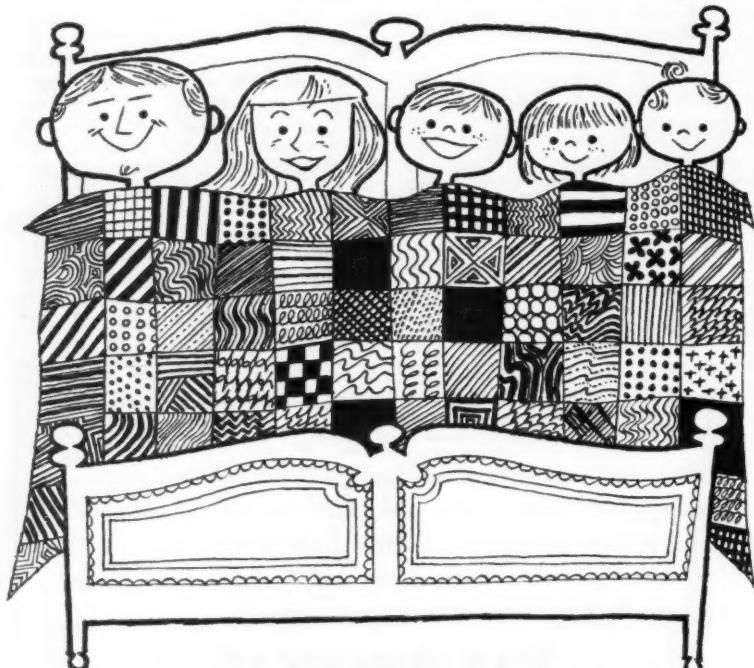
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632 BEACON STREET, AT KENMORE SQUARE

unusual coverage



you have it in Holland-America's new **NEW FAMILY DEFENDER** Auto Policy with features your prospects will buy

- Insured may select, on an "Occurrence" basis either the new Single Limit BI & PD protection, or conventional multiple limits.
- . . . and you can offer him the ultimate in Liability protection: Holland-America's unique "Loss" Each Occurrence coverage which offers complete protection, regardless of the amount of the liability.
- Prospects also like Holland-America's Replacement Cost coverage which can give the insured, without depreciation, either a brand new automobile of like kind and equipment or the amount of money he originally paid for the car.
- Holland-America's \$25,000 protection against Uninsured Motorists, including up to \$5,000. Medical Payments protect both the Insured and Family.

plus . . . other generous benefits like these:

- Up to \$10 a day Transportation allowance for rental of temporary transportation in case of theft (Limit: \$250.00).
- Up to \$200 allowance for cost of Bail Bond in the event of traffic violation or accident.
- Up to \$200 for loss of personal effects due to fire or theft.

plus . . . Many more

Another Holland-America policy to open new doors to new business for you.



Get the whole profitable story on this great new policy now, from

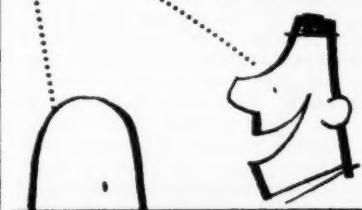
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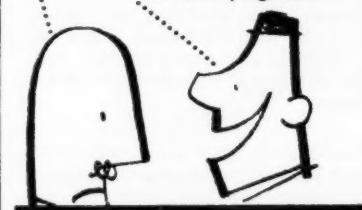
Convention Dates

- Sept. 20, Delaware Assn. of Insurance Agents, annual, Rehoboth Country club, Rehoboth Sept. 22-24, Nevada Assn. of Insurance Agents, annual, Sahara hotel, Las Vegas. Sept. 22-24, Oregon Assn. of Insurance Agents, annual, Eugene hotel, Eugene. Sept. 23-24, South Dakota Assn. of Mutual Insurance Agents, annual, Sioux Falls. Sept. 24-25, South Carolina Assn. of Insurance Agents, annual, Bon Air hotel, Augusta, Ga. Sept. 26-27, Oklahoma Assn. of Mutual Insurance Agents, annual, Skirvin hotel, Oklahoma City. Sept. 29-Oct. 1, Pennsylvania Assn. of Insurance Agents, annual, Pocono Manor Inn, Mount Pocono. Oct. 1-3, Society of Chartered Property & Casualty Underwriters, annual, Waldorf-Astoria hotel, New York City. Oct. 3-4, Mountain States Assn. of Mutual Insurance Agents, annual, Denver. Oct. 3-5, New Mexico Insurors, annual, Hilton hotel, Albuquerque. Oct. 6-9, National Assn. of Casualty & Surety Agents, annual, Greenbrier hotel, White Sulphur Springs. Oct. 6-9, National Assn. of Casualty & Surety Executives, annual, Greenbrier hotel, White Sulphur Springs. Oct. 13-16, National Assn. of Mutual Insurance Agents, annual, Sherman hotel, Chicago. Oct. 14-15, Arizona Assn. of Insurance Agents, annual, Westward hotel, Phoenix. Oct. 15, Louisiana Assn. of Insurance Agents, midyear, Bently hotel, Alexandria. Oct. 16-18, National Assn. of Independent Insurers, annual, Edgewater hotel, Chicago. Oct. 17, Inter-Regional Insurance Conference, annual, Plaza hotel, New York City. Oct. 17-18, Pacific Fire Rating Bureau, annual, Camelback Inn, Phoenix. Oct. 19-23, Western Underwriters Assn., annual, Greenbrier hotel, White Sulphur Springs, W. Va. Oct. 20-22, Kansas Assn. of Insurance Agents, annual, Baker hotel, Hutchinson. Oct. 20-22, Maryland Assn. of Insurance Agents, annual, Lord Baltimore hotel, Baltimore. Oct. 20-23, National Assn. of Mutual Insurance Companies, annual, Jung hotel, New Orleans. Oct. 21-22, Insurors of Tennessee, annual, Chattanooga, Read House. Oct. 21-22, Insurors of Tennessee, annual, Chattanooga, Read House. Oct. 21-23, Individual A&S Insurance Forum of Health Insurance Assn. of America, Biltmore hotel, New York. Oct. 21-23, California Assn. of Insurance Agents, annual, Hotel del Coronado, San Diego. Oct. 22, Conference of Mutual Casualty Companies, Jung hotel, New Orleans. Oct. 22-23, Massachusetts Assn. of Insurance Agents, annual, Sheraton Plaza hotel, Boston. Oct. 22-24, Wisconsin Assn. of Insurance Agents, Schroeder hotel, Milwaukee. Oct. 27-29, Illinois Assn. of Insurance Agents, annual, Pere Marquette hotel, Peoria. Oct. 27-29, Missouri Assn. of Insurance Agents, annual, President hotel, Kansas City, Mo. Oct. 28-30, Ohio Assn. of Insurance Agents, annual, Commodore Perry hotel, Toledo. Oct. 30, Connecticut Assn. of Insurance Agents, annual, Statler hotel, Hartford. Nov. 7, Insurance Federation of New York, annual, Waldorf-Astoria hotel, New York City. Nov. 7-8, Michigan Assn. of Mutual Insurance Agents, annual, Statler hotel, Detroit. Nov. 15, American Marine Insurance Clearing House, annual, New York City. Nov. 17-19, Kentucky Assn. of Insurance Agents, annual, Kentucky hotel, Louisville.

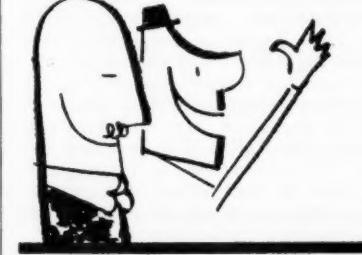
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COMMENTS

TRENDS

OBSERVATIONS

Comments On Enlarged Function And Responsibility Of The Agency Executive

The responsibility of the insurance sales manager or agency executive has broadened greatly under increased competition. As a result, a new type of insurance sales manager is emerging in fire and casualty insurance, Dr. Frank Lang, president of Frank Lang & Associates, insurance marketing and management consultants of New York and Chicago, told the agency meeting of Conference of Mutual Casualty Companies at Chicago last week.

The conception of what an insurance sales manager is and should do has recently undergone an almost revolutionary change in progressive companies, Mr. Lang said. "The back-slapping, socializing, hail-fellow-well-met type of agency executive is being replaced by a new type of man, oriented to all of the company's operating functions, and aware of the broader aspects of the business. Creative long-term planning and productive collaboration with operating functions, such as claims and underwriting, has become as important as ability to do a good selling job."

Commenting upon the sour experience shown by most fire and casualty companies, Mr. Lang said, "We can expect that more and more boards of directors will ask for greater detailed information in order to evaluate their company's operating results, and management's ability to direct them."

In spite of all the talk that "something must be done," Mr. Lang predicted there is little likelihood that competitive practices will decrease, and for political as well as competitive reasons it is also questionable whether much relief can be hoped for from a general increase in the rate level. "Company management would be better off if it learned to accept the unpleasant fact that it will have to continue to live in highly competitive surroundings, which require a forward-looking and well informed staff, if the company is to survive."

Of prime importance should be the management of the agency of sales function, Mr. Lang went on, remarking that this function has changed from one of appointing as many agents as possible to a broader concept which includes sales and market planning, use of market facts and research tools, integration of advertising and sales promotion in an over-all merchandising campaign, understanding and application of underwriting standards, and control of sales costs, as well as selection, training, supervision and direction of field staff and agency force. The modern agency department, therefore, coordinates the work of various operating units with a wide range of specialized services, a task which places a high premium on executive competence.

Mr. Lang referred to the so-called "marketing concept" which has been hailed by industrial companies as a new innovation but said fire and cas-

uity insurers are faced with different types of problems.

The fundamental difference occurs in the underwriting aspect of sales, he noted. "There is hardly a fire and casualty company which today couldn't increase its business substantially by lowering its underwriting standards; yet the result would only be more disastrous than the present sad picture. It is therefore the responsibility of the modern insurance sales manager not just to obtain business but rather profitable business. With this fundamental objective in mind at all times, he must cooperate in the development of policy contracts, rates and underwriting standards and apply them faithfully so that the quality of business will be maintained."

The place of the modern sales manager is among his company's senior executive group, Mr. Lang declared. Depending upon size and organization pattern, sales can be set up either as a line or a staff function.

Traditionally, multiple line companies had a separate agency officer for each major line; now most of them have integrated their agency departments, at least on the top level. The agency function has been combined by more than two-thirds of the large multiple line companies, according to a survey conducted by Frank Lang & Associates in 1955, he said.

Mr. Lang presented 12 exhibits, prepared by his firm, one for each major functional area of the sales manager's job, with 46 divisions and 213 subdivisions.

Market Planning—This is one of the most important, and yet most neglected, functions, he said. It replaces guesswork with facts. Under this function fall such activities as analysis of insurance needs, determination of potential premium volume by territory, and identification of present and prospective policyholders. Based upon such analyses, long range plans can be set up, geared to the markets offering the greatest potential. The rate structure and underwriting experience must be studied before sales objectives can be formulated. Planning cannot be haphazard; it must be objective, making use of scientific tools.

Consultation on Policy Contract Development—Depending upon state regulation and company membership in various rating bureaus, sales has a definite responsibility in the formulation and design of policy coverage, the packaging of policy forms, and the simplification of coverages. Mr. Lang observed. In the past companies have usually left these decisions to the underwriting and actuarial departments without asking the agency department to survey the potential demand. "Vacation rain insurance is a good example of a coverage which was introduced two years ago with much publicity, only to be withdrawn because of lack of demand."

Market Development—Determina-

tion of markets to be developed and procedures to be used are important aspects of the sales function. What kind of selling is best suited to a certain line or coverage? Should a company try to contact a lot of prospects or pester a few to death? A study of market potential helps determine how many agents and field men a company should have, and provides a clue to the personality and character of the men who should be appointed and the training and supervision they should receive.

Building of Agency Department and Field Organization—Once personnel needs are known, the sales manager can define what he expects from his own staff, his field men, and the agent himself.

Training the Sales Organization—Good training pyramids the benefits of careful selection, Mr. Lang said. The development of an effective training program is an arduous task, yet one which pays off handsomely in the long run. Separate programs are needed for new as opposed to experienced men, for training should be a continuous process for both agents and field staff.

Activating the Sales Organization—A variety of approaches are available to stimulate a field force to effective action. They include compensation plans, the use of incentive or contingency plans, sales meetings, personal and group conferences, sales contests and campaigns, and other devices.

Supervision and Control—The purpose of sales supervision, he noted, is to assure performance that will meet established standards. To do a proper job of supervision, activity reports and an evaluation of sales performance is needed.

Advertising and Sales Promotion—Mr. Lang said it is up to the modern sales manager to integrate the preparation of sales tools and the advertising, sales promotion, and publicity programs into a coordinated merchandising campaign. There is a wide variation in advertising productivity, and the proper evaluation of advertising results should be as integral an aspect of the advertising function as the selection of media or preparation of copy.

Participation in Control of Underwriting Standards—Underwriting results are the most important influence today on top management's decisions as to choice of territories or agents from which business is accepted, he commented. Two large insurance organizations operating countrywide, he said, will accept new automobile business only from four midwestern states. The insurance sales manager must have a thorough understanding of his company's underwriting policies so that he can implant them in the field staff and agency force. While the sales executive alone should not determine his company's underwriting standards, Mr. Lang said, he certainly should participate in decisions as to the general acceptability of certain types of risks.

Control of Sales Costs—The modern insurance sales executive uses an extensive system of sales analyses in gathering facts from the firing line to keep his costs down. The actual cost

of having a company man visit an agent ranges from \$7 to \$31. With such information, costs can be measured in relationship to performance. A production report or a quota comparison alone is not enough unless it is accompanied by proper expense allocation. Studies of comparative profitability are another important aspect of cost control. The sales manager today has to be prepared at all times to justify the expense of the functions under his jurisdiction.

Company Organization Administration—The sales manager's increased importance has added to his administrative duties, Mr. Lang observed. An important aspect of his job is to interpret the sales operation to other departments, coordinate the work of his staff with them, and provide a liaison between agents and field men and other operating units.

Public Relations—In a large company, the maintenance of personal contact becomes increasingly difficult and even field conferences or conventions do not always serve the purpose. Some companies, Mr. Lang remarked, have set up special agency advisory committees which meet with top management to discuss mutual problems. Other companies have found that agency surveys by objective outsiders can serve as one of the most effective tools in pinpointing problem areas.

The insurance sales manager, in spite of the many facets of his job and in spite of his broad influence, is only one member of the top management group, Mr. Lang pointed out. Often a company's sales problem illustrates the iceberg, where only the visible part is manifested in sales, while the invisible part causing problems is below the surface and is many times as large. A divided management group cannot produce an effective sales program no matter how good the agency head may be. Before embarking upon any fundamental company policy change in the sales function, he recommended a company not only to look at sales but also examine the whole organization—its objectives and policies—as well as the men who carry them out.

New Fire Safety Message Book Matches Available

Sparky, the fire-preventing Dalmatian, is carrying special messages of caution directly to those folks, who, by a single thoughtless act with their match or cigarette, could cause an unwanted and harmful fire, through a new series of match books created by Universal Match Corp. and distributed by special arrangement with National Fire Protection Assn. Sparky is a copyrighted public service fire safety project of NFPA.

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Industry Leaders Offer Suggestions (CONTINUED FROM PAGE 1)

dent, and Gordon H. Sweany, vice-president and general counsel of General of Seattle, quoted figures indicating inflationary trends affecting losses and urged prompt action to develop adequate rates.

John A. Steel, president of Pacific National, cited general unsatisfactory underwriting results for all types of insurers, regardless of marketing methods, and urged the adoption of trend factors in rating methods. He cautioned that company executives "cannot call on the insurance commissioners to save us from our own follies," in urging immediate corrective measures to curb poor underwriting results. The annual review of all rates, according to Mr. Steel, is advisable. In the field of public relations, he suggested that companies use more discretion in releasing company statements to the press which have been prepared to hide underwriting losses. The public should be made aware of the plight of the industry, he emphasized. To materially assist in curbing future automobile losses, he said Assn. of Casualty & Surety Companies should work with Detroit automobile manufacturers toward improved safety design and with an eye toward more economical parts replacements and repairs.

William Leslie, general manager of National Bureau of Casualty Underwriters, reviewed loss figures for automobile BI and PDL 1941 to 1956, indicating that BI claims costs had increased 116% and PDL claims costs have gone up 240% in that period. According to Mr. Leslie, for the period in question, the over-all increase in

BI-PDL rates has been only 60% while the cost of living index alone has risen 97%. He said that bureau figures indicate that PDL rates have kept pace with inflation but that BI rates have lagged behind.

Mr. Leslie reported that the bureau has undertaken to obtain detailed experience information to determine trends in claims quarterly. To date, he said, the bureau is not using prospective rating.

Carl B. Birkenmeyer, vice-president of United Pacific, suggested as one small area of possible improvement the amending of automobile medical payments coverage to provide that such coverage be deemed excess of other insurance.

Charles Close, chairman of Inter-Regional Insurance Conference, recommended that expense factors not be segregated in rate computations as had been previously suggested by Commissioner McConnell of California.

According to Mr. Close, this would lead to many complications when these factors were subjected to the widely divergent formulas applied by various states. Mr. Close endorsed the idea expressed at the previous day's session for the adoption of steps to reduce losses due to flat cancellations.

T. G. McGuire, president of Industrial Indemnity, condemned the waste resulting from "free insurance," or policies cancelled flat after inception date, estimating the loss as approximately 5% of gross premiums. He urged that Commissioner McConnell and his staff prepare a model bill to correct the situation and suggested that the bill be presented to NAIC to be considered for adoption nationwide.

Mr. McConnell agreed to undertake the task but indicated he would call on industry leaders to aid in preparing the measure. He said that flat cancellations might be considered a rebate and a possible amendment to existing anti-rebate statutes might be practical.

Leo Rich, chairman of Republic Indemnity, asked for speedy action on the part of the National Bureau to correct the existing rate structure. He suggested that the bureau should "have moved a little faster" in the light of 1956 losses but instead introduced a broader policy form. "Time is of the essence," he emphasized, to help the smaller companies out of their financial difficulties.

"You cannot regard the word commissions as a dirty word when the whole subject of this meeting is making a profit," he declared. He claimed that an inequality exists in present commission schedules, citing the difference in gross commission dollars on automobile business written in high rated territories and the same type of business written in lower rated territories. "Commission is a definite portion of this great problem," he said. In urging the adoption of a mandatory deductible on automobile comprehensive coverage, Mr. Rich said "comprehensive coverage is ridiculous without a deductible." He complained that the public relations program of the industry is poor and as a result policyholders who are otherwise honest feel it is perfectly all right to cheat the insurance companies. In concluding the most critical address of the two-day session, Mr. Rich asked, "why can't the industry pay decent wages?" The need for qualified help should be recognized and dealt with as a part of the rate making problem; the industry

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should get rid of the "poor pay" stigma, he said.

J. T. Blalock, vice-president and public relations counsel of Pacific Indemnity, echoed previous sentiments favoring the use of trend and projection factors in the development of rates. He cited the recent agreement between Pacific Coast Advisory Assn. and the National Bureau wherein the association agreed to furnish experience figures to the bureau for use in compiling rating information. He said that with an adequate volume of experience data the industry can and will produce rates through the use of trend and projection factors which will be adequate.

Ben Mitchell, president of Employers Casualty of Dallas, said it will be up to the industry to provide necessary data to the commissioners to substantiate rate changes but it will be up to the commissioners to "reconcile the divergent points of view" presented to them by the various interests in the industry. According to Mr. Mitchell, some of the "hallowed principles" of the industry are no longer applicable and most are willing to agree "our rating procedure predicated on past experience is not responsive to rapid economic change."

The final speaker of the open session was James F. Crafts, Fireman's Fund president, who reported the six-months figures for stock companies in California. Data supplied by the insurance department showed total underwriting loss of over \$206 million, total premium writings of more than \$3,228,000,000, and a loss in surplus of \$101 million. The underwriting loss was 6.1%.

American Mutual Alliance Adds Three To PR Staff

American Mutual Insurance Alliance has added three staff writers to its public relations department. They are Richard Blouin, formerly an editor of *Encyclopaedia Britannica*; Donald Edwards, who has been on the public relations staff of Prudential; and Margaret Reynolds, formerly associate editor of *Advertising Requirements*.

Hartford Accident Names Hull District Engineer

Hartford Accident has appointed James J. Hull district engineer at Albany. He joined Hartford Accident as a field engineer at Albany in 1947.

Block Names D.C. Assn. Committee Chairman

WASHINGTON—Huntington T. Block, president of District of Columbia Assn. of Insurance Agents has appointed the following members committee chairmen for the coming year: A. L. Jagoe Jr., advertising and publicity; Victor O. Schinnerer, agent's advisory; Hubert A. Newsom, attendance and hospitality; John Cole, bulletin advertising; Robert Hart, casualty; William d'Espard, catastrophe; Bernard Levy, educational; Walter

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Schilling, fidelity and surety; William Stell, fire safety and accident prevention; Herbert Pasewalk, grievance; Carl Anderson, "I" day; Ralph Lee III, legislative; Gerald Cassidy, membership; Charles Barker, program, and Douglas Wallop Jr., property insurance.

Schenectady County (N.Y.) Assn. of Insurance Agents heard Sam Rigg, president of Independent Auto Body & Garage Owner's Assn., discuss problems of common interest to the automobile insurance industry and the auto repair trade, at the September meeting in Schenectady.

Name R. J. Parker V.P. Of Manhattan F.&M.

Russell J. Parker, who joined London Assurance last April and was made a vice-president of Guarantee in July, has been named a vice-president of Manhattan F.&M. of the London group. He is in charge of the group's casualty operations in the Pacific coast territory. He started with Globe Indemnity at Oakland in 1924, and was appointed branch manager there in 1935, superintendent of the Pacific coast department of Globe at

San Francisco in 1938, and assistant manager the following year. In 1944, he went with National of Hartford as assistant manager of the casualty and surety division in the west.

Broward Co., Fla., Assn. Elects

Broward County (Fla.) Insurors Assn. has elected Robert Ross Jr. president, R. O. Angle vice-president, and Richard Brown secretary-treasurer. All are from Fort Lauderdale.

Thomas Johnson, secretary of Florida Assn. of Insurance Agents, was speaker at the installation banquet held at Pompano Beach.



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At Eastern Agents Conference of NAIA: E. Stuard Windsor of Baltimore, C. H. Frankenbach of Westfield, N. J.; William D'Espard of District of Columbia; Arthur B. Fair of Natick, Mass.; Valmore H. Forcier of Danielson, Conn., and Arthur L. Schwab of Staten Island.

W. T. Traynor, New York assistant secretary; C. L. Day, Chicago, secretary in charge of midwest department; H. W. Casler, New York, assistant U. S. manager. All with North British.



W. Clay Hess of Chicago, Raymond F. Wiley of Watertown, and Elmer Sademan of Chicago, hosts at Agricultural headquarters during the NAIA convention in Chicago.



At Chubb & Son headquarters—T. R. Dew, New York; R. E. Wallace, New York; R. B. Evans, East Orange, N. J., president Colonial Life; J. M. Kelly, New York. Those other than Mr. Evans are vice-presidents of Chubb & Son.



Frank J. Poquette of Pacific of New York group managed to get all nine of his midwest field staff together at the NAIA convention in Chicago. Standing are R. W. Moon, J. L. Flavin, S. M. Daniels, A. J. Landgraf. Seated: H. W. Bailey, W. N. Lowe, W. R. Meier, and John Beddingfield.

At the Lloyd-Thomas Co. display during the NAIA convention—O. E. Mathisen and Benard J. Cronin of Chicago, and William E. Houk of Milwaukee.



O. Shaw Johnson of Clarksdale, Miss., Chicago, at the NAIA. Mr. Johnson and Mrs. Sheldon, Mrs. Johnson, and Walter Mr. Sheldon are past presidents of NAIA. Right of Mr. Sheldon are Frank Alexander & Co., and H. E. Sheldon, son of Mr. Walter Sheldon, also with Alexander & Co., and Mrs. Sheldon, and Mrs. Richard S. Schmidt and R. S. Schmidt of Alexander & Co.

More Views Of NAIA Annual



Mrs. David J. Brewer of Greenwood
Miss., Mrs. Sheldon and Mr. Brewer at
the NAIA.



Southern Agents Conference leaders—J. P. Walker, Augusta, Ga., chairman; J. P. Wilson Jr., Mobile, vice-chairman; R. S. Brantley, Raleigh, secretary.



At Far West Agents Conference—F. P. Middleton, Phoenix; T. A. Burrow, Berkeley, conference secretary; G. R. McClure, Salt Lake City, conference chairman.



At Geo. F. Brown & Sons headquarters—R. D. Schley, production manager; E. L. Gimbel, accident & health manager; A. R. Peterson, fire manager; D. J. Ried, marine manager; R. W. Bird, assistant vice-president. All with Geo. Brown & Sons.



Midwest Agents Conference officers—R. M. Byrne, Omaha, new conference committee chairman; B. W. Hopkins, Des Moines, conference chairman; H. T. Moran, Oklahoma City, vice-chairman; E. L. Lederer, Chicago, retiring conference committee chairman; G. A. Timm, Kenosha, Wis., treasurer.



At Seaboard Surety headquarters—J. A. O'Connor, Milwaukee, president Leedom, O'Connor & Noyes agency; F. E. Schiele, New York, vice-president Seaboard Surety; G. B. Slattengren, New York, president Seaboard Surety.



At Continental Assurance headquarters—F. E. Kinzer, Covington Va., being sketched by Miss Sally Zippert, while M. B. Simms, director multiple line development for Continental companies, watches.



At Home of New York headquarters:—M. E. Sprague, vice-president; L. V. Grady, vice-president; W. W. Allen, vice-president; Leonard Peterson, executive vice-president; T. M. Williams, vice-president. All from home office at New York.



At NAIA—Seated: Wendell Robinson and George Reinking; standing, John J. Wunder, Charles W. Kraemer, Jerome J. Theisen, and Marshall B. Simms of Continental-National group.

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DENVER 2, COLO.—234 Commonwealth Building, Tel. Amherst 6-2725. Fred L. White, Rocky Mountain Manager.

DES MOINES 9, IOWA—327 Insurance Exchange Bldg., Tel. Atlantic 2-5966. D. J. Stevenson, Resident Manager.

DETROIT 26, MICH.—613 Lafayette Bldg., Tel. Woodward 5-2305. William J. Gessing, Manager for Indiana and Michigan.

INDIANAPOLIS 20, IND.—5634 N. Rural St., Tel. Clifford 3-2276, William J. Gessing, Manager for Indiana and Michigan.

MINNEAPOLIS 2, MINN.—1038 Northwestern Bank Bldg., Tel. Federal 2-5417. Howard J. Meyer, Northwestern Manager.

NEW YORK 38, N. Y.—17 John Street, Room 1401, Tel. Beekman 3-3958. J. T. Curtin and Clarence W. Hammel, New York Managers.

NEWARK 2, N. J.—10 Commerce Ct., Tel. Market 3-1019. John F. McCormick, Resident Manager.

PHILADELPHIA 9, PA.—123 S. Broad St., Room 1027, Tel. Pennypacker 5-3706. Robert J. Zoll, Middle Atlantic Manager.

ST. LOUIS 2, MO.—221 Pierce Bldg., Tel. Chestnut 1-1634. Geo. E. Wohlgemuth, Resident Manager.

SAN FRANCISCO 4, CAL.—582 Market St., Tel. Exbrook 2-3054. Richard G. Hamilton, Pacific Coast Manager.

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EDITORIAL COMMENT

Agent's Stake In The Company Situation

In general, we find agents sympathetic with the insurers and their present difficulties. Nothing could be more appropriate, for the troubles being endured by the insurers today are in degree and nature serious enough to put the agent-company relationship to out-of-ordinary testing—and in the case of some companies and some agencies, to jeopardize or end it.

There are an appreciable number of agents today who already have had to look around for new company accommodations for some of their business. There are others who are going to have to do this before year end. If there is a good deal more company portfolio reinsurance available in the market today than in the memory of insurance men, there is also plenty of business for which agents are looking for accommodation. As one agent put it who has purchased agencies from time to time over the years: "I used to reduce the number of companies in the agency I was purchasing, after taking it over, but not anymore. I may need these extra connections before the end of the year."

What evidence is there that the agents are sympathetic with the plight of the companies? One item is the fact that at its regional meetings earlier this fall California Assn. of Insurance Agents had as one of its two major topics for discussion a review of the present problems facing the insurers. The association met with the governing committee of Pacific Board and offered the cooperation of agents and discussed ways in which agents could help.

Probably there is not too much agents can do in a positive way to help. After all, good risks are burning, good drivers are having accidents, and there are, in contrast to former periods of insurer adversity, only one or two lines that aren't producing excessive losses.

There are, however, specific things agents can avoid doing that will help—such as not cancelling and rewriting to prevent insurers from getting rate increases or the effect of the increased term multiple. They can, and there was some evidence at the convention of National Assn. of Insurance Agents in Chicago that they were, holding up demands for broader coverages and other changes which might entail increased liabilities for the insurers at the present time. They can also add their influence in a quite positive way to help convince the public and state supervisory authorities—where that is necessary—to approve rate increases. There is no longer any question about the need for such increases, particularly in fire and automobile. The question is whether some insurers can last till they get them.

But agents are by no means all treating the problems of the companies with sympathy, especially where it costs them something to do so. In one state, where there is admittedly a special legislative problem involved, the reduction from \$3 to \$2 for the

uninsured motorist endorsement when it became mandatory drew public disapproval of agents because it was not enough of a reduction. Elsewhere some agents have continued to follow the anti-company line and to express criticism with animus toward companies or company groups for not doing what the agents want them to do, mostly in way of broadening forms and changing rules to make the agent's competitive life an easier one.

In normal times, the free give and take of suggestions, ideas, and criticism is one of the remarkably democratic and invigorating characteristics of the agency system of insurance distribution. And we are not advocating an abandonment of this traditional and salutary exercise of free spirits exerting influence on each other—and even, occasionally, kicking each other in the shins.

But it is only fair to point out that the rate of broadening of coverages, even today in the midst of all the bleeding that insurers are doing, is considerably greater than it was 15 years, or even fewer years, ago. The agency companies are more aware of competition than they have ever been and probably just as conscious of the stakes involved competitively as are the agents.

What is needed presently is for agents to understand what is going on and to appreciate the seriousness of the situation with which the companies are coping. After all, the agents will, in the nature of things, share the fortunes of their companies. Agency companies are, perhaps, suffering more than non-agency insurers. They are meeting tough opposition to rate increases in several jurisdictions, in both fire and automobile.

We think that most agents do understand what is going on and realize the importance of it, country over. Even so, it might be refreshing and a stimulant to the free partnership between agents and companies if more associations put the company side of the story on their programs this fall—K.O.F.

PERSONALS

Charles Howard Ingram, born Sept. 4 at Evanston hospital, Evanston, Ill., is the newest member of the well known Ingram family which has a long and notable insurance background. C. H. Ingram is the son of John D. Ingram and Mrs. Ingram. J. D. Ingram is a broker with his father, Dwight Ingram at Chicago, and has just qualified for CLU. Dwight Ingram has been in the business for 38 years and is general agent of Equitable of Iowa in addition to running a general business. He is the author of The National Underwriter Company's correspondence course on property insurance. The great uncle of Charles H. Ingram was the late Carl E. Ingram, who was secretary of Great American, and the great grandfather was the late John C. Ingram, western manager of

Great American. The great great grandfather was William Ingram, a local agent at Logansport, Ind.



Joseph Thompson

He has supervised production in Canada for several years. In his new position, he will supervise production of all lines, except group, which Travelers writes in Canada.

Hendon Chubb, who has retired as an active partner in Chubb & Son, is traveling in Europe. He left New York aboard the liner *Independence* last week.

DEATHS

EDWIN A. LEMKE, 49, chief of the indemnity section of Atomic Energy Commission, commercial development branch, died of a cerebral hemorrhage in Washington, D.C. He had been with AEC since 1951.

ARTHUR KLEIN, 68, local agent of LaCrosse, Wis., died of a broken hip suffered in a fall at his home. He had been in insurance for 52 years.

WILLIAM R. ZIMMERMAN, 49, agent of Toledo, O., died.

HENRY R. WEISELS, 82, who had been in the insurance business in St. Louis, Mo. for 63 years, died of a heart ailment. For the past 31 years he had operated his own local agency.

GEORGE FOWLIE, 91, retired agent of White Sulphur Springs, Mont., died at Billings.

HERBERT E. DOERING, 56, special agent of American at New Ulm, Minn., died. He had been in the southern Minnesota field for 34 years.

ROBERT L. LONG, local agent of Tupelo, Miss., died.

JOHN E. BOYD SR., 69, Houston agent, died after an extended illness.

RALPH M. DARK, 57, a partner in the McDowell agency of Marion, N.C., died in Morganton, N.C. Prior to entering agency work, he was a special agent of North Carolina Fire Insurance Rating Bureau in Asheville. He formerly was a director of North Carolina Assn. of Insurance Agents.

JAMES M. ORANGE, 69, manager of W. A. Morris local agency of Dawson Springs, Ky., died.

M. L. PITTMAN SR., 66, who retired last year end as chief marine surveyor of Atlantic Mutual, died in South Side hospital, Bay Shore, L.I.

Municipal Names Kluber

Municipal of Chicago has appointed Howard H. Kluber director of research and development of Municipal Insurance Enterprises, an associated company. He has been secretary of Central Standard Indemnity since 1955 and will assist in casualty expansion of Municipal in his new assignment.

Elect Chalmers Head Of Me. Agents Assn.

Maine Assn. of Insurance Agents, at the annual meeting in Rockland, elected Herbert W. Chalmers of Bridgton, president. He succeeds Edward R. Ladd of Rockland, who has served two consecutive terms as president, and who was named state national director.

William E. Dennett of Kittery, Lloyd M. Anderson of Saco, and Frederick E. Drake of Bath, were named vice-presidents. Ralph L. Young, Portland, was reelected treasurer, and George F. McFarland, Portland, was continued as executive secretary. David W. Hardin, Bar Harbor, was named executive committee chairman.

Commissioner Mahoney of the Maine department was among those who addressed the meeting. He said that increasing competition in the business in Maine is resulting in more complaints about bad practices to his department by agents. He said, however, that less than a dozen agents are causing most of the trouble, and that he will deal with the offenders promptly.

\$58 Million In W. Coast Bonds

Public utility district #1, Chelan county, Wash., has awarded a \$52,413,078 contract to joint bidders L. E. Dixon Co., American Pipe & Construction Co., Hunkin-Conkey Co., and Guy F. Atkinson Co., San Gabriel, Cal., for final stage construction of Rocky Road hydro-electric power plant in Chelan county. Fidelity & Deposit Co. is surety.

Atomic Energy Commission has awarded contract to Howard S. Wright Construction Co., S. Birch & Sons Construction Co., and D. L. Cheney of Se-

attle, at a price of \$6,044,695 for construction of buildings, utilities and facilities at the national reactor testing station at Idaho Falls, Ida. Travelers Indemnity is surety for Birch and Cheney and General of Seattle is surety for Wright.

Battles, Perlet To Head Montana Agents Card In Missoula Sept. 26-28

Robert E. Battles of Los Angeles, immediate past president of National Assn. of Insurance Agents, and H. F. Perlet, general manager of Multi-Peril Insurance Conference, will be the featured speakers at Montana Assn. of Insurance Agents' annual convention in Missoula Sept. 26-28.

Registration and a dinner for past presidents of the state association will occupy the first convention day Sept. 26. Messrs. Battles and Perlet will speak during the morning session Sept. 27 and a business meeting will be held during the afternoon.

A panel discussion of homeowners and the comprehensive dwelling policy will be presented on the morning of Sept. 28. Panel members are Jack Walther, Royal-Globe group, and Robert Bell, special agent of Hartford Fire. Gerald V. Ball, assistant manager of Pacific Board, will act as moderator.

American Mutual Liability has elected R. Earl Roberson vice-president, and Roger Crafts and Chester W. Higgins assistant vice-presidents. Mr. Roberson is southern division manager at Atlanta, Mr. Crafts is with the home office staff operations department, and Mr. Higgins is personnel director.

Fire Safety Has Early Session At Convention

The fire safety and civil defense committee of National Assn. of Insurance Agents, of which Simpson Stoner, Greencastle, Ind., is chairman, held a meeting Sunday afternoon which attracted 26 state association chairmen and other interested agents. H. F. LeCrenier, Jr., West Palm Beach, described the Florida association plan and James Hawk, Peoria, talked on the public relations aspects. F. W. Wes-

tervelt, Jr., New York, public relations manager of National Board, described the present program of his organization, and there was considerable open discussion after each talk.

Gerber To Review Year In Union League Club Talk

Director Joseph Gerber of Illinois will address the fall luncheon meeting of the Insurance Group of Union League Club of Chicago Sept. 23. His subject will be "My First Year As Director."



41,000 MILES TO GO...

WITH CONTRACT BONDS NEEDED EVERY INCH OF THE WAY

Within the next 13 years, 41,000 miles of new roads will be built under the Federal Highway program alone. Practically every type of contractor employed on this vast project must furnish Contract Bonds. In addition, the new roads mean re-location of industry—new shopping centers—new schools—hotels—restaurants. THE chance-of-a-lifetime for bond agents!

Let American Casualty help you with unexcelled bonding experience, judgment and know-how . . . with preferred rates for qualified contractors . . . and with complete multiple line facilities that enable you to "wrap up" the entire account.

Surety Bonds and all lines of insurance—everything from the Contractors' Equipment Floater to the Comprehensive Liability Policy. Let us know how we can best help you.

it's easy for an
EXPERT

This champion demonstrates a combination of skill and experience as she executes her graceful swan-dive.

When you have an insurance problem, call upon the skill and experience of your hometown agent. His valuable knowledge of local conditions...his ability to benefit from the facilities of the long-established Companies he represents...and his desire to serve you—enable him to solve your problem with the ease of an expert. Call on him whenever you need help.

Two-color reprints of this advertisement without Company name are yours for the asking. Write us.

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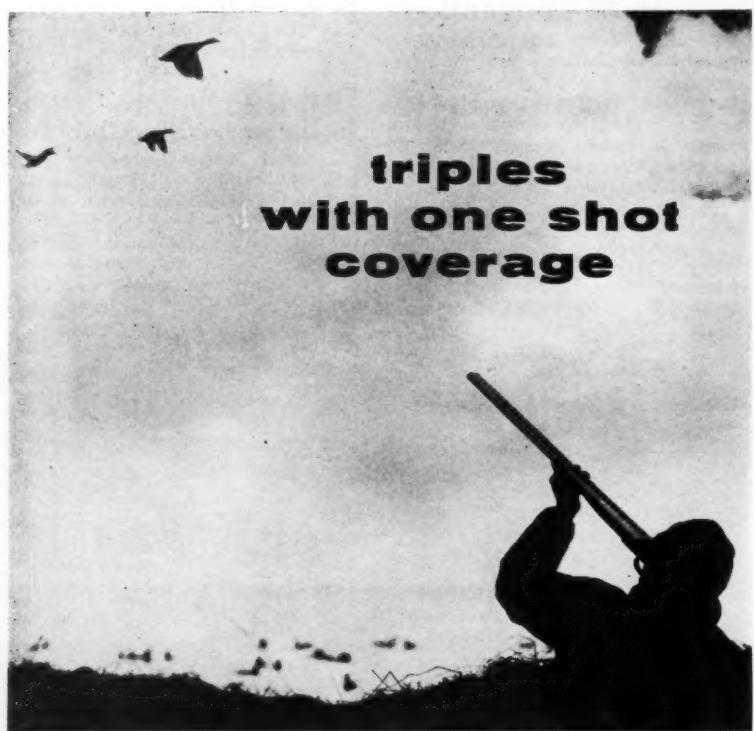
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HOME OFFICE: READING, PENNSYLVANIA



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Sell all three coverages in a single Sportsmans Policy. World-wide protection from one to 31 days for \$5000 to \$50,000.

Write for complete information. Bag more business with the Sportsmans Policy.

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NEW ENGLAND DEPARTMENT
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Triple Coverages Include:

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2. Theft, loss and damage to equipment
3. Sportsman's liability to others

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DOMESTIC AND FOREIGN MARKETS

EXCESS UNDERWRITERS, INC.

Howard E. Mankin, Executive Vice-President
175 W. Jackson Boulevard, Chicago, Ill.

Landis Tells How Law Impinges On Agency

(CONTINUED FROM PAGE 9)

surance. We think this duty is implicit in the nature of the service rendered by such brokers." Anderson vs Taylor, Nov. 20, 1956, 8 (F&CC) 1107.

No "broker" was involved, Mr. Landis commented. No legal duty rests upon an agent to renew a policy nor to notify insured of the termination of insurance. If such were the law an almost insuperable difficulty would be imposed upon the business generally. It is difficult to understand how the presiding justice who wrote the opinion in this case would have been so misinformed, both as to the law and the practice of insurance.

A Louisiana appeals court said: "We feel (sic) that the custom in the trade is for the insurance agency to automatically renew their (sic) policy and send same to their assured. This practice, while it does benefit the business of the agencies, is a great value to the assureds, as otherwise they might delay or fail to take action to have their policy renewed, while, in fact, they would have full intention of maintaining their insurance in full force and effect. We, therefore, feel (sic) that it was incumbent upon the individual (insured) to immediately return the policy for cancellation if he was not satisfied. Failure to do so rendered him liable for the earned premium for the period during which the policy was in force." Fisk vs Rowe, Nov. 26, 1956, 8 (F&CC) 1115.

Not only does the English used by the justice in this case leave something to be desired but when he confesses to basing his decision upon emotion ("feel") rather than reason and logic, even something more seems to be desired, Mr. Landis said.

When is an agent of a company an agent of a policyholder? Mere attention to the needs of a customer (keeping his auto liability covered) does not make a business man the agent of a customer. The relation may lack nearly all the familiar essentials of a real agency: (1) A hiring by a principal, (2) a right to discharge the agent, (3) payment by the principal of compensation, (4) supervising power in principal over the manner in which agent performs his duties. General Accident vs Browne, seventh U.S. court of appeals, Dec. 15, 1954, 7 Auto Cases (2d) 1329.

The status between the agent and company is not that of debtor-creditor but funds collected for premiums are a trust fund. When a company represented by the agent is in danger of becoming insolvent, the agent cannot cancel wholesale, withhold unremitted premiums and apply them to the purchase of substitute coverage. No principle is stronger in law than that forbidding an agent to take an unfair personal advantage of the opportunities of his position in the use of things entrusted to him as a fiduciary. Bohlinger vs Ward & Co., March 24, 1955, 113 A. (2d) 38.

Agent's knowledge of vacancy of premises and his oral representations to insured that they are covered does not estop the company from asserting the breach of condition, nor does receipt of premium by the agent with knowledge that the premises were vacant more than 60 days, and retention of the premium by the company, estop it from its defense that the provisions of the policy had not been waived in writing by it. Fire & Casualty of Connecticut vs Fields, Georgia supreme court, Jan. 15, 1957, 9 (F&CC) 26.

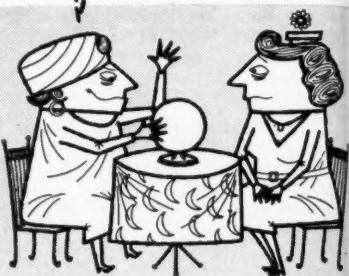
The legal problems involved in

wavier and estoppel are so many, Mr. Landis said, he did not deal with them in detail in his Dallas paper.

In the absence of proof of authority to countermand a notice of cancellation, insured had better disregard an agent's statement to forget about the notices. Williams vs Republic, 286 App. Div. 876, 141 N.Y. Sup. (2d) 870, June 20, 1955.

Acceptance of a premium by the agent after cancellation notice does

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Let's move ahead together. Send me information about the Company and facts on Life A&H Group. I am interested in a General Agency.

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not reinstate a policy. *Travelers Indemnity vs Martinez*, 140 N.Y. Sup. (2d) 791, April 4, 1955.

The filing of a certificate of agency termination with the Tennessee insurance department, as required by statute, was not constructive notice to a policyholder who paid a second installment on an annual renewal policy to an agent whose contract with the company had been terminated. In the absence of some statute providing for constructive notice to the general public—actual notice must be given if liability for agent's acts is to be avoided. *Tucker vs American Aviation & General*, 278 S.W. (2d) 677, April 7, 1955.

In contrast to fire and casualty, no authority to bind marine covers is ordinarily given agents. Usually only the underwriter has authority to bind, and a state statute, making one who solicits an agent of the company, "does not undertake to conclusively fix the scope and extent of the authority of agents as between the companies and third persons." *Centennial vs Parnell*, 83 So. (2d) 688, Jan. 5, 1956.

Designation as "producer of record" on an assigned risk plan application does not make such person the agent of the company to which the risk is later assigned. Change of car notice to the producer is not notice to the company. *Iowa National Mutual vs Richards*, 229 F. (2d) 210, March, 1956.

Collins owned a department store in Spartanburg, S. C. On Feb. 8, 1942, he had a fire. The loss was adjusted on March 12, 1942, at \$23,187. Early on Feb. 13, 1942, before adjustment on the first fire loss, a second fire occurred. This suit grew out of the second fire. After the first loss Collins tried through several agents to get insurance but failed. Finally at 11 p.m. Feb. 12, 1942, he telephoned John C. Brodie, an agent, and asked for \$10,000 of coverage on stock and fixtures and \$7,000 on the building. He knew the Brodie agency represented several mutual companies and he told Brodie he preferred the company paying the largest dividends, to which Brodie replied he would take care of the insurance and that Collins "was covered from that moment." No particular company was mentioned and Collins admitted that Brodie said he was "covered by him as agent." When no one appeared to settle his second loss, Brodie sued the agency and two mutuals represented by him for conspiracy to conceal from him the facts as to which company had bound the risks. The court held the evidence wholly insufficient to sustain the conspiracy. *Collins vs Merrimac Mutual, S.C.* supreme court, March 28, 1947, 6 (F&CC) 335.

The law makes a distinction between oral contracts of insurance and oral

contracts for insurance.

An oral contract of insurance requires six elements: Definite subject matter, definite hazards insured against, duration of coverage, amount of insurance, rate of premium and identity of parties.

A contract for insurance is, in effect, a contract to procure insurance, and the terms of the agreement "to procure" will govern the rights and liabilities of the parties.

When Sidney Gandelman, a Los Angeles furniture man, needed additional

protection under a reporting form for new stock he had just purchased, he telephoned Agent Oelsner for it. All Oelsner said in this telephone conversation was: "Okay, Sidney, you are covered." Gandelman failed to recover the \$42,000 of loss above the insurance in force because the court held:

"An agent of an insurance company has no authority to insure property already destroyed and a policy written and intended as a substitute for a subsisting policy in another company but not delivered, and of which the in-

sured has no knowledge until after the property is destroyed by fire, is not a valid contract of insurance." Also, because the short telephone conversation between the agent and Gandelman did not constitute an oral contract of insurance. *Gandelman vs Mercantile*, 187 F. (2d) 654, March 12, 1951.

When the plaintiff employed its broker to obtain "all risk" insurance on a truck crane and when the policy obtained was not "all risk" and did not provide for upset or overturn, the

(CONTINUED ON PAGE 33)



How extra service after fires helped increase agency business

Demonstrated service is the big factor in building an agency, according to Arnold M. Cohn who has built a successful insurance agency in Great Neck, N. Y. After a fire loss the insured is confused and highly emotional. If, among other things, the agent has knowledge of a service which will remove the odor of the fire, the impact on the insured is tremendous. Airkem, Inc., has been providing such a service to the fire insurance industry for many years.

Here are Mr. Cohn's experiences with a smoke-saturated novelty paper goods store filled with holiday merchandise:

"Before the fire engines had left the scene, I made arrangements with the insuring companies to call the local office of the Airkem Smoke Odor Service. The fire occurred so late that there was little that could be done that day, but the following morning at 7:00 A. M., the Airkem Smoke Odor Representative was on the job and so was I."

"By afternoon, my insured was delighted to find that the Airkem Smoke Odor Service had removed all traces of smoke odor. A potential \$10,000 loss was settled in six days for less than \$2,000

because the odor was removed at once. There was no interruption in the insured's business operations."

This demonstration of good service resulted in new accounts, considerable local publicity and increased confidence on the part of prospects in the agency's ability to handle their business.

Three hundred Airkem Smoke Odor Service Representatives throughout the U. S. and Canada make this service easy to provide. For more information fill out and mail in this coupon.

AIRKEM, INC., 241 East 44th Street, New York 17, New York

Please send me information on how Airkem Smoke Odor Service can assist me.

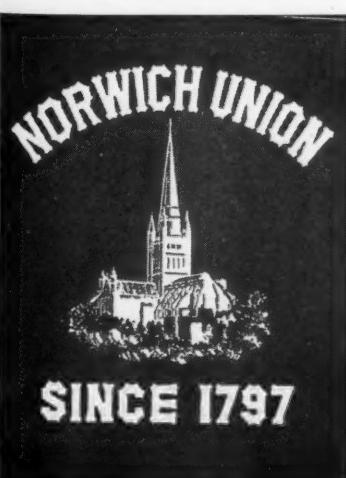
Name _____ Title _____

Company _____

Address _____

City _____ Zone _____ State _____

NU-97



S.O.S. Emergency Odor Removal Service

A & S

Continental Casualty Testing Old Age A&S Group Plan In Iowa

Continental Casualty is testing a hospital-surgical policy in Iowa for persons over 65. Based on the group theory, the non-cancellable policy requires no medical examination, but all applications must be in by Sept. 20. Premium is \$6 per month regardless of age.

Newspaper display advertising is being used to solicit applicants.

Sen. Townsend Says Confidence Men Found In A&S Field

The schemes of confidence men for extracting money from the public "find close parallel among some companies and agents" in the hospitalization insurance field, state Senator J. Russell Townsend Jr., chairman of the Indiana legislative committee investigating A&S in Indiana told members of the Indianapolis A&H Assn. at its opening fall luncheon, Sept. 9.

"In the field of hospitalization insurance, we have come full cycle from the legal principle of *uberrimae fidei et cœvæt empori*," he charged. "The entire insurance industry in all its branches is damaged by the bad practices in the hospitalization field. Any insurance agent knows how gun-shy prospects have become as a result of the charlatans and 'easy-money' boys who have infested the field. To some extent, this business has become the happy hunting ground of hucksters whose ethics have no scruples, no morals, and no quarter for the unwary."

Sen. Townsend designated three factors as causing the hospitalization field to "come under a cloud" and be subject to investigation in various states:

1. "Agents, agents' associations, and companies have not been aggressive in fighting improper practices. Where, for example, are association or industry-sponsored advertisements educating the public to policy provisions and claim practices?"

2. "We have not given our state insurance departments the complete legislation, finances, and industry support to properly regulate the business. Neither agents nor companies present a clear story to the legislators, and thus confusion continues."

3. "Law enforcement agencies have not always done their duty. Recently I had a very informative conference in the Federal Trade Commission in Washington and discussed the problems of the field with legal counsel who have shaped the prosecutions of mail order companies and those alleged to use misleading advertising. The opinion in those quarters was the problem largely is a state one and state insurance and law-enforcement officials should do their duty."

Hartford Accident Has Student Group A&S Plans

Hartford Accident has instituted new group A&S plans for students. They can be written to insure groups of 50 or more enrolled in colleges, universities, preparatory, technical, business and professional schools. Coverage is available for accident medical expenses alone, or A&S.

Under the accident coverage, bene-

fits are provided toward hospital, nursing and related expenses incurred as a result of each separate accident, up to a specified maximum benefit ranging from \$250 to \$2,000. Payment of benefits is not conditioned on hospital confinement, and policies may be issued as first-dollar cover or with an initial deductible. All sports except varsity lacrosse, ice hockey, football and soccer are covered under the accident benefits, but participation in one or more of the four may be included for an additional premium.

Mutual Benefit H.&A. Makes Five Promotions

Mutual Benefit H.&A. has made five promotions in the group department.

Thomas Baldwin has been promoted to manager of the district group office at New York City. He joined the company in 1950 and has been sales manager at the home office since 1954.

W. F. Nicholson has been appointed eastern sales manager. He has been regional sales manager in the eastern territory for two years.

Thomas P. Coyle has been advanced to western sales manager. He joined the company in 1949 as an A&S underwriter and was named chief group underwriter in 1954.

Melvin Engler has been appointed to succeed Mr. Coyle as chief underwriter. He joined Mutual of Omaha in 1954 and has been assistant chief underwriter.

Leroy Bourque, who has been in the group department, will succeed Mr. Engler as assistant chief underwriter.

T. C. MacLeod Named By Mutual Benefit H.&A.

Mutual Benefit H.&A. has appointed Theron C. MacLeod general agent at Jacksonville, Fla., to succeed N. S. Lyon, who is retiring. Mr. MacLeod joined the company in 1950 at Los Angeles, and has since served in various assignments in Hawaii and the home office. He has been assistant general manager at Honolulu since last year.

Hearing has been set for Sept. 17 at Canton at which the Ohio department will hear an application of Hospital Service (Blue Cross) to increase its rates.

FIELD

Springfield F.&M. Makes Three Field Changes

Springfield F.&M. has transferred State Agent Charles J. Massaro from Minneapolis to Rockford, Ill., has transferred State Agent Ralph T. Warner from Des Moines to Milwaukee, and has transferred Special Agent Melvin E. Timmons from Grand Rapids, Mich., to Minneapolis. Mr. Massaro will handle the northern part of Illinois in his new assignment. Mr. Warner replaces James H. Isings, who has resigned to enter a local agency. Mr. Timmons will handle the northern half of Minnesota.

Ohio Farmers Appoints Menestrina To Ind. Field

Ohio farmers group has appointed Donald Menestrina farm special agent in Indiana, with headquarters at Indianapolis. He has been in the insurance department of Citizens bank of Anderson, Ind.

Pacific National Names Gibbs, Sawicki To Feld

Pacific National has appointed Warren K. Gibbs state agent in Kansas and Oklahoma and has named Richard M. Sawicki special agent in Michigan.

igan. Mr. Gibbs will maintain headquarters in Wichita. Mr. Sawicki joined the company in 1949 and has been at the divisional office at Skokie, Ill.

Glens Falls Appoints Barrows Special Agent

Glens Falls has appointed Edwin D. Barrows Jr. special agent at Dallas. He has been special agent in Denver, and has just completed a multiple line refresher course at the home office. Before joining Glens Falls, he was with Mountain States Inspection Bureau at Denver.

Central Mutual Names Two In Toronto, Ontario Fields

Central Mutual has appointed Arthur Whittfield and Gary G. Crawford special agents in Toronto and eastern Ontario. Both men have been underwriters at Toronto.

Rockefeller Is Special Agent Of Camden Fire

Camden Fire has appointed Carl W. Rockefeller special agent in western Ohio. He has spent the greater part of his insurance career in the field there and will have his headquarters with State Agent Alfred S. Snow at 64 East Broad street, Columbus.

Hastings Joins National Fire In Kentucky Field

National of Hartford group has appointed Charles E. Hastings state agent in Kentucky with headquarters at Louisville. He has been state agent in Kentucky and Tennessee since 1953 for London Assurance, and operated a local agency in Paris, Tenn., from 1946 to 1950.

Appoint Lauer Special Agent Of North British

North British has appointed Richard T. Lauer special agent in western Kansas. He will be associated with State Agent William H. Noble, in headquarters at Wichita. He recently completed a multiple line training course in Kansas City and New York.

Jacksonville, Fla., GA Names Walter N. Gibson

Higginbotham Co., general agency of Jacksonville, Fla., has appointed Walter N. Gibson special agent with headquarters in Tampa. He has been special agent in Georgia for National Union since 1952.

Great American Appoints Special Agent In Conn.

Great American has appointed Millard F. Thatcher special agent in Connecticut succeeding the late Walter E. Schiller. He will make his headquarters at Hartford. He was previously a special agent of Crum & Forster in Connecticut.

Central Mutual Promotes Mitchell To Cal. Field

Edwin F. Mitchell has been appointed by Central Mutual of Van Wert, O., as special agent in southern California with headquarters at Los Angeles. He has been an engineer at Los Angeles, since joining Central Mutual in 1956.

Abington Mutual Appoints Morgan

Abington Mutual Fire has appointed Harold R. Morgan Jr. special agent in southern New England. Formerly a special agent of Central Mutual in Connecticut, he has most recently been engaged in agency work in Whitinsville, Mass.

FTC Hears Arguments In Mutual Benefit H.&A. A&S Advertising Case

WASHINGTON—Federal Trade Commission has heard oral arguments on the appeal of Mutual Benefit H.&A. from the initial decision of FTC examiner Lipscomb on the FTC complaint charging the company with false and misleading A&S advertising. The case was then taken under advisement.

The company's case was presented by James T. Welch, Washington trial lawyer; Lawrence Thorngren, company counsel, and James Barrett, assistant vice-president.

Mr. Welch bore down on the jurisdictional issue, contending the company is subject to state regulation and FTC cannot regulate its advertising. He cited the fact the U.S. circuit courts cannot regulate its advertising. The fact that U.S. circuit courts had reversed the commission in the American Hospital & Life and National Casualty cases.

Ross D. Young, FTC attorney supporting the complaint, in his argument that the commission should uphold Examiner Lipscomb's decision, relied largely upon the commission's decisions and orders in those two cases. He said the commission has jurisdiction in these cases, which have just been appealed by Department of Justice to the U.S. Supreme Court in petitions for certiorari writs to allow review of the circuit court decisions.

Mr. Thorngren argued that testimony of commission witnesses, who said they were misled by company advertising and bought A&S policies, failed to prove the FTC charges against the company.

Mr. Barrett exhibited several charts which he said showed that the company has cooperated with the commission in the matter of advertising since 1949.

Dorsett Selected For Gold Medal Award

J. Dewey Dorsett, general manager of Assn. of Casualty & Surety Companies and general manager of Nuclear Energy Liability Insurance Assn., has been selected as the 1957 winner of the gold medal award of General Insurance Brokers Assn. of New York. The award committee consists of past medal winners and is headed by J. Victor Herd, chairman and president of America Fore group. The award is for the most meritorious service to the insurance industry during the past year.



J. Dewey Dorsett

The award will be presented at the association's annual dinner Oct. 23.

Mr. Dorsett, general manager of Assn. of Casualty & Surety Companies since 1944, is a member of the North Carolina bar and former chairman of North Carolina industrial commission. He joined the association in 1939 as manager of the casualty department. He is secretary-treasurer of National Assn. of Casualty & Surety Executives, a trustee of Industrial Hygiene Foundation of America, and was a trustee of National Safety Council.

Allstate has appointed John F. Shin product research manager at the home office. He has been with Continental Casualty.

Swett & Crawford Buys MacGibney-Grupe, Chicago General Agent

Trade documents H.A. & CTC ex- com- with false The presented on trial company assistant jurisdiction and advertising. The had re- Ameri- Cas-

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Swett & Crawford general agency and insurance management firm of Los Angeles, has purchased MacGibney-Grupe Inc. general agency or Chicago. Name of the combined operation will be Swett & Crawford Inc. of Illinois.

J. R. Mulder, formerly of Midwest Underwriters of Cleveland, has been named vice-president and manager of the new organization. No other changes in personnel of the MacGibney-Grupe firm are to be made.

Seven Provinces Of Holland Buys Control Of Holland-America

Seven Provinces Ins. Co. of The Hague, Holland, has purchased 50% interest in Oppenheimer Associated Underwriters Inc. of Kansas City, the management firm for Holland-America of Kansas City and for Seven Provinces' U. S. operation, from Oppenheimer Bros. Inc. agency of Kansas City.

Robert H. Oppenheimer, who has been president of both Holland-America and of the management organization, has resigned, and D. Quint, chairman of both companies, is assuming the presidency until a successor to Mr. Oppenheimer can be named.

The transaction was completed due to misunderstandings which had arisen both among the general public and the other companies which the agency represents as to the nature of the agency's relations with Holland-America. In order to clear up the picture and to relieve the agency from an ambiguous production position, Seven Provinces' offer was accepted, Mr. Oppenheimer said.

N. Y. Accident Reporting Laws Take Effect Oct. 1

Two new laws covering motor vehicle accident reporting in New York state will take effect Oct. 1. The first provides that only property damage accidents resulting in damage of more than \$100 to the property of any one person need be reported to the state bureau of motor vehicles. The limit has been \$50. The second stipulates that all reports of accidents must be filed with the bureau in duplicate.

Effective simultaneously with the new laws is a new simplified, streamlined accident report which is to be used for all accidents of Oct. 1 and thereafter. Commissioner Kelly of the bureau said that all motor vehicle accidents involving death or personal injury must be reported under the new law, as under the old.

Insurers are asked to request the new reporting forms from the bureau of motor vehicles offices at 504 Central avenue, Albany.

Names UJF Board In Md.; Charge Agents Use FR To Force Collection

Gov. McKeldin of Maryland has appointed the six-member board which will administer the state's new unsatisfied claim and judgment fund law. The fund is basically similar to that in effect in New Jersey.

Board members are Insurance Commissioner Jackson, Motor Vehicle Commissioner Monroe, and four insurer company representatives—Carlton S. Hardwick, executive assistant to the vice-president of U.S.F.&G.; H. W. Reeder, vice-president in charge of claims of Nationwide; C. Harold Whittem, assistant vice-president and division claims manager of Liberty Mutual, and Warren Nigh, vice-president of Government Employees.

A member of the Maryland legislative council's motor vehicle committee has charged that some agencies are using the motor vehicle department "as a collection agency" for auto liability coverage. William F. Burkley, local agent of Cecil, the committee member, said the practice is swamping the motor vehicle department with policy cancellations at the rate of 1,000 a day.

It works this way: When a licensed driver has an accident that is reported to the department, and has not filed proof within 90 days that he is insured or otherwise financially responsible, the department suspends his license until proof is filed. When the driver learns of department suspension, an agency offers to file the required FR proof within a matter of minutes, so the license will not be suspended. The driver is sold an annual policy on the installment payment plan. After that, the driver can keep his license only as long as the insurance stays in effect. The insurer gets paid, but only after a large amount of paper work by the department, which has received as many as 7,000 cancellations in a single day.

AEC Requires \$150,000 Cover Per 1,000 KW

WASHINGTON—Atomic Energy Commission has issued temporary regulation, effective Sept. 26, giving effect to the atomic indemnity law. The temporary regulation will provide protection while a permanent regulation is prepared, issued for public comment, and re-issued as an effective regulation.

The temporary regulation requires \$150,000 of insurance per 1,000 kilowatts of thermal energy to be held by operators of private reactors. Private insurance up to \$60 million per single atomic project now is available. The government will indemnify a reactor up to \$500 million for any one accident against claims which exceed the amount of financial protection already purchased in the private market.

Our 25th Year
A. E. STRUDWICK CO.
Reinsurance

810 BAKER BLDG.
MINNEAPOLIS 2, MINN.
FEDERAL 9-5847

A. E. STRUDWICK, PRES.

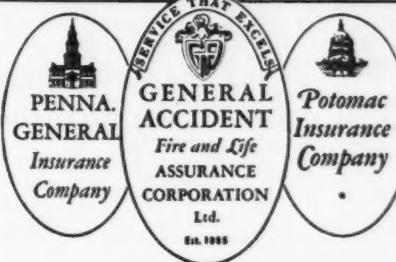
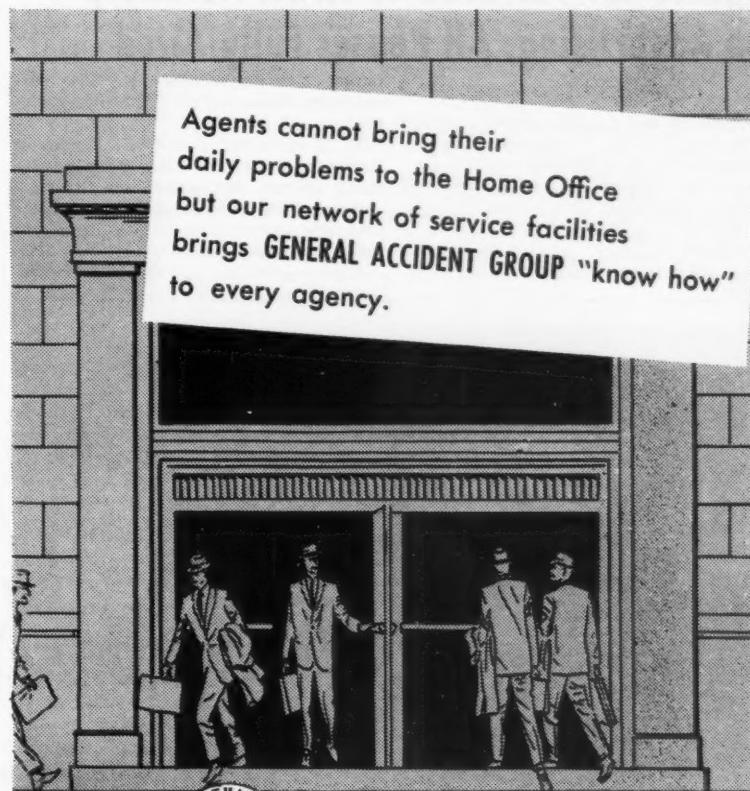
W. H. KERN, V. P.
D. A. TAYLOR, V. P.

J. L. KING,

208 SOUTH LASALLE ST.
CHICAGO 4, ILLINOIS
CENTRAL 6-9141

H. A. GOETZ, V. P.
J. C. KUNCHES, V. P.

Agents cannot bring their daily problems to the Home Office but our network of service facilities brings GENERAL ACCIDENT GROUP "know how" to every agency.



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POTOMAC INSURANCE COMPANY
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GENERAL BUILDINGS • PHILADELPHIA, PENNSYLVANIA

NORTH AMERICA LEADS IN RE-INSURANCE!

A stable market for re-insurance.

INSURANCE BY NORTH AMERICA

Philadelphia



Agents Get 'Full Load' At NAIA Workshop On Advertising; All Phases Fully Aired

By ROBERT C. DAUER

Although the next-to-closing session of National Assn. of Insurance Agents annual meeting at Chicago on the proposed \$2 million NAIA advertising venture was billed on the program as a "workshop," it proved to be more a prolonged "selling" job of the ambitious and already much-heralded cam-

paign, as an impressive array of speakers fully discussed all of its many facets.

F. E. Schaffer and Neill Tonks of Doremus & Co., the New York advertising agency responsible for the execution of the campaign, presented the program, using slides and motion pictures to point up its features. Mr. Schaffer prefaced the actual presenta-

tion with a few remarks on methods by which agents can use national advertising to foster their local advertising. He pointed out that national advertising will not serve as a substitute for the selling efforts of individual agents, that while "big" nationwide advertising will help pre-sell potential customers, the agent himself must make the final sales effort.

Alan H. Miller of Hackensack, N.J., chairman of the advertising committee, who moderated the session, indicated in introducing Mr. Schaffer, that the NAIA ad program—even though this

year's \$2 million goal has not been reached and the target date for launching the campaign has been postponed to year-end—is definitely not a "one-shot" thing. He urged all members to consider its cost a regular part of their budgets in years to come; as much a part of overhead as salaries, utilities and so on. There was no hint from Mr. Miller that this year's goal would not be reached!

Mr. Schaffer, too, exuded confidence over the ability of the program to "go" as, following his outline of its details, he introduced a series of star witnesses for the media to be used.

George Wallace, director of merchandising for Reader's Digest, described the importance of magazine advertising and how agents can make use of tie-in material at the local level.

Murray Heilweil, NBC-TV merchandising manager, told the agents that the prestige of "Today" and its star, Dave Garroway, would establish the meaning of the NAIA big "I" seal in the public consciousness.

John H. Bell of *This Week* magazine, John Holzapfel, American Newspaper Publishers Assn., and John P. Gormley, of Outdoor Advertising Inc., described in turn the advantages of Sunday magazine supplements, general newspaper advertising and billboards, and how each would add to the weight of the campaign.

Highlighting the workshop were four agents who spoke of the effectiveness of association advertising in their own localities and how they planned to coordinate future activities with the NAIA program. Mr. Miller introduced the agents: George W. Haynor, Waterbury, Conn., president of the Connecticut association; Scott Nixon, Augusta, Ga.; Joseph L. B. Murray, Jr., state national director from Washington, D.C., and Henry A. Franz, newly-elected president of the New Jersey association.

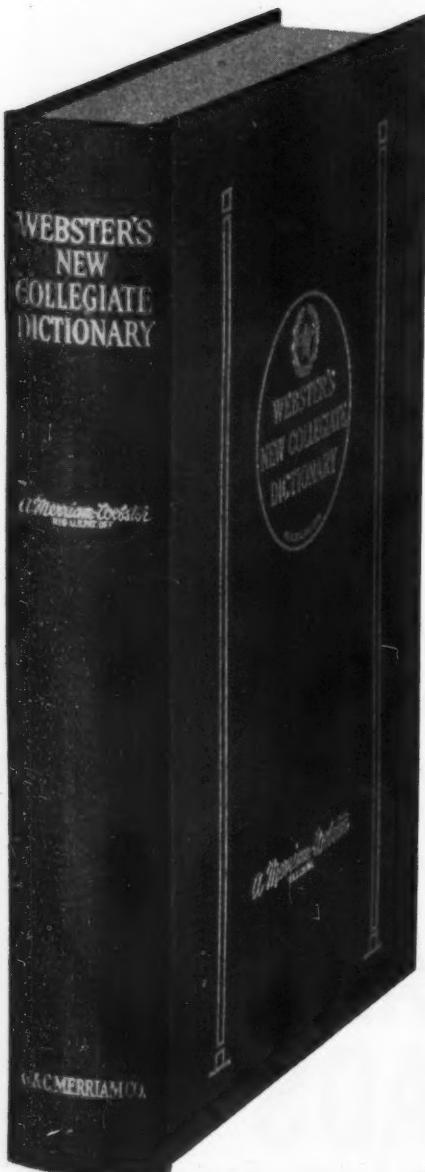
Mr. Murray, who spoke first and then dashed to another meeting, described how three state associations in his part of the country—D. C., Virginia and Maryland—had "pre-prepared" for the NAIA campaign by "blowing-up" the "I" seal at the local level. They conducted a vigorous telephone campaign among member agents asking these questions: (1) Are you using the seal? (2) Do you have it prominently displayed? (3) Are you going to participate in the national campaign? (4) Have you sent in your check?

Where there was evidence that an agent was lagging in his work of publicizing the "big I," two or three other agents brought pressure to bear to whip the laggard into line. Mr. Murray advocated that every member of the NAIA be required to display the seal.

Mr. Haynor told the audience that the Connecticut association has for 10 years spent over \$50,000 a year on a continuing ad program built around the slogan: "You're a neighbor, not a number, to your hometown insurance agent." The tremendous success of this program, he believes, augers well for the success of the national ad program. Already in Connecticut local board directors have had several meetings to fuse their members with enthusiasm for the coming campaign.

Mr. Dixon described the famous TV program of the Augusta board, begun after one direct writing company had put a serious dent in the business of board members. He felt that the national program would fit nicely into this TV plan.

Mr. Franz—after appealing to those in attendance to go home and do a



What's a spe'cial-ist (-ist), n.

One who devotes himself to some special branch of activity in his business, profession, studies, etc.

We have devoted ourselves to workmen's compensation and related liability lines. That's why we can help you in handling these big premium risks. To get them and hold them you want a carrier with (1) an open-minded underwriting attitude; (2) a record for fast, fair-and-square loss adjustments; (3) rock-strong financial structure, and (4) safety engineering services that keep losses at a minimum and rates in line. That's Bituminous. We're proving our stand as specialists by serving more and more sizable employers in all types of industry. Get set with Bituminous and get your share.

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CASUALTY CORPORATION
BITUMINOUS FIRE AND MARINE INSURANCE COMPANY
ROCK ISLAND, ILLINOIS



Specialists in Workmen's Compensation and Liability Lines

September 19, 1957

THE NATIONAL UNDERWRITER

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selling job on those not in Chicago—told how at the New Jersey mid-year the badges of members who had already sent checks to the ad fund were marked with a gold star. After the curiosity of everyone was aroused, the significance of the stars was explained. Then, he said, those without wanted to “get off the spot” and those with started aggressively selling the campaign to the have-nots. He urged other state groups to try a similar scheme.

Following the talks, the scheduled question and answer session came a cropper—there almost weren't any questions, in all only a belated two. Howard Coe, Philadelphia, asked how soon after the program got under way would tie-in material be made available and was told it would be provided one month before kickoff date. William Finke, St. Louis, asked Mr. Nixon if the Augusta campaign had spurred captive agency companies to greater advertising efforts. Mr. Nixon replied that Allstate was running one ad every day in the sport section of an Atlanta paper featuring pictures of five Allstate agents.

Whether the dearth of questions signified that the panelists had said all there was to be said or the audience had been adequately filled in was hard to say. Certainly there was not the tremendous and spontaneous enthusiasm engendered by the presentation of the program at early-summer state meetings.

N.C. WC Rate Increase

Unopposed At Hearing

No opposition was voiced to the proposed 1.6% hike in workmen's compensation rates in North Carolina at the public hearing held by Commissioner Gold.

North Carolina Compensation Rating & Inspection Bureau filed for the boost, which will produce \$271,000 more WC premiums. Changes in the state's WC laws made by the 1957 legislature require the increase. Mr. Gold has promised an early decision on the filing.

GAB Makes Southern Changes

General Adjustment Bureau has appointed Winfred E. Causey manager at Savannah, Ga.; John C. Hancock manager at Bristol, Va.; Louis F. Lyda manager at Macon, Ga., and Luther G. Shelby and Richard G. Nel-

son adjusters in charge at Dublin, Ga., and Farmville, Va., respectively.

Mr. Causey was formerly manager at Bristol, and succeeds Lewis M. Little, who has left GAB. Mr. Hancock has been on the Roanoke, Va., staff. Mr. Lyda was manager at Dublin, and replaces Elmo Wilkes, who has been transferred to Miami. Mr. Shelby formerly was adjuster in charge at Farmville, and Mr. Nelson was senior adjuster at Dothan, Ala.

John S. Lavery, head of the underwriting department of Inland Mutual of Huntington, W. Va., has been elected assistant secretary of the company.

Security Has New D. C. Office, Names Pearson, Closes At Baltimore

Security-Connecticut group has opened a new branch office for the Washington, D. C., area at Silver Springs, Md. Concurrent with the opening of the new office is the closing of the Baltimore branch.

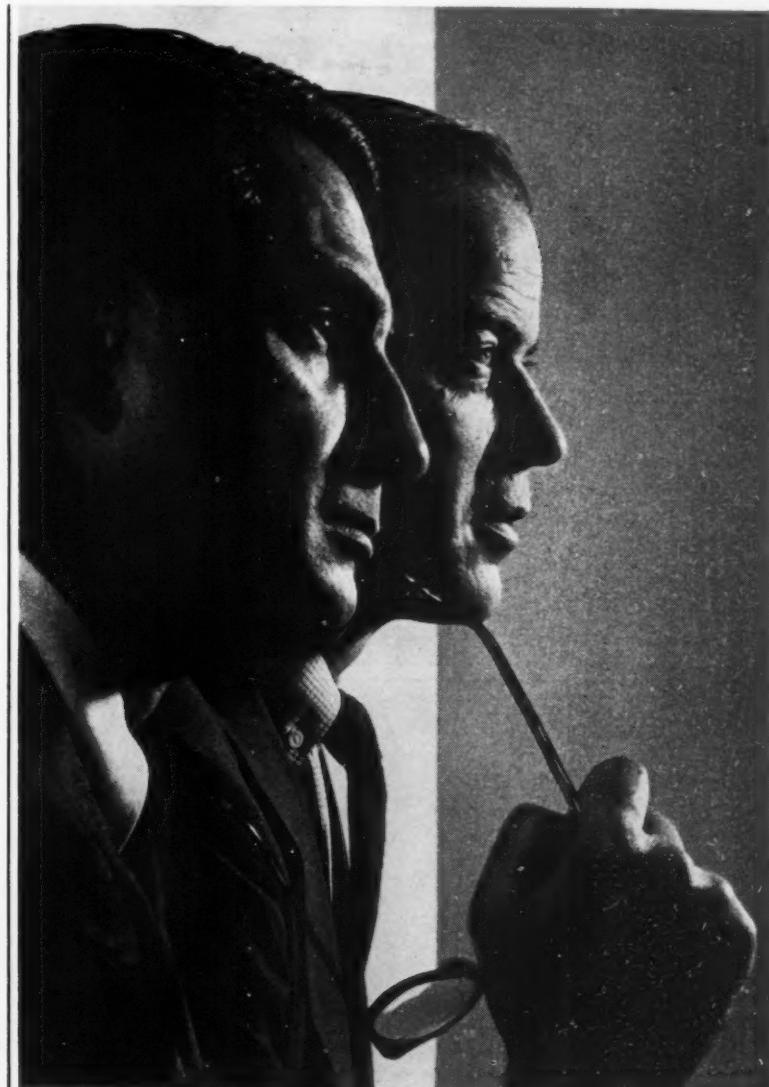
The Silver Spring branch has complete multiple line facilities for the District of Columbia, Virginia and Maryland.

Craven Pearson has been appointed

manager. He formerly was special agent at Baltimore. He has been with Security-Connecticut since 1955.

Bedlow Advanced In HO Of Hartford Accident

Hartford Accident has advanced J. Alfred Bedlow to superintendent of the home office bond service department. He joined the company 25 years ago and has served as underwriter in the fidelity department. He also has been an instructor at the company's training center.



Planning a program
of protection for your
business or home...

Select and consult an
independent insurance
agent or broker
as you would your
doctor or lawyer



U. S. F. & G.

Casualty-Fire-Marine
Insurance • Fidelity-
Surety Bonds

United States Fidelity & Guaranty Co., Baltimore 3, Md. • Fidelity Insurance Co. of Canada, Toronto • Fidelity & Guaranty Insurance Underwriters, Inc., Baltimore 3, Md.



PROVIDENCE
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PROVIDENCE
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INDEMNITY CO.

20 WASHINGTON PLACE • PROV., R. I.



U. S. F. & G. AGENTS
This is one of a series of advertisements appearing in THE SATURDAY EVENING POST, TIME and NEWSWEEK . . . designed to increase your prestige with the insuring public.

Celina-ize YOUR AGENCY

National Mutual and Celina Mutual

Cut this Coupon and Your Operating Expenses
and Afford Your Policyholders
the Best in Auto Coverage and
Service at the Lowest Possible
Cost.



YOU SELL, SERVICE AND OWN IT—WE DO THE PAPERWORK

THE NATIONAL MUTUAL INSURANCE COMPANY

315 South Main St. Celina, Ohio

Please give me complete information about Your
AUTO ECONOMY PLAN

Agency _____
Address _____
City _____ State _____

OPERATING IN IND., KY., MICH., OHIO, PENNA. AND W. VA.

Elect Slawsby NAIA V-P;

Discuss Dues Split

(CONTINUED FROM PAGE 1)

Washington the agents, feeling that the bureau companies will not include UM in the basic policy, have asked three nonbureau insurers—General of Seattle, United Pacific and Northwestern Mutual—to do so and announce that they are interpreting all outstanding policies as having an endorsement, in an effort to get the bureau companies to do the same thing. The reason for this, he pointed out, is that there is an interim legislative committee meeting Sept. 28 on compulsory automobile insurance. The effort is to get the UM endorsement inclusion in the auto policy started in time to inform the legislative committee of the fact.

On urging by New York, a motion was adopted by the board to study the dues allocation formula of NAIA between now and the next meeting to get a more equitable assessment of members, state to state, also, a resolution was adopted calling on the headquarters staff of NAIA to devise a plan before the next convention of assigning tables at the banquets.

Arthur L. Schwab of Staten Island presented the dues allocation subject. The question, he said, is not one of the size of the NAIA budget but only the way it presently is allocated. It is impossible ever to attain the fictitious standard of membership that the formula now imposes on the states. For example, there are six million persons in the New York City boroughs, which, under the formula, equals 1,400 agents. There are by actual count only 170 agents in the area.

He said that under the formula "debit" states pay 50% more than "credit" states, which is a big swing, with the implication that service provided by NAIA is different to agents in different states, or that agents in one state are richer than in others.

Mr. Schwab recommended that the maximum credits and debits be reduced from 20 to 15% for the fiscal year beginning a year from now, from 10 to 5% the following year, and that they be discontinued altogether the following year. This will put dues on a proper, equitable basis and will offset the impact on the formula, which otherwise will be severe, of the 1960 census.

Ralph Callister of Salt Lake said that at the time the formula was devised the committee foresaw the impact of the 1960 census, and if membership were to increase—as it has been doing—the impact would amount to little or nothing except in California, Florida and Arizona. He suggested more study and testing be given any change in order not to do violence to the allocation.

Mr. Schwab said New York said he could see no reason for one state paying a 50% surcharge for NAIA service. New York spends as much money and effort on membership development as any state.

Several other states indicated sympathy with the New York position. M. Frank McCaffrey of Detroit said Michigan is unhappy with the formula. Joe L. Bandy of Nashville said Tennessee feels that in all fairness some changes should be made. Incidentally, he said, the "insuror" advertising Tennessee has done has stimulated membership, and he is certain the "Big I" campaign will do the same thing. Hayne Glover of Greenville said South Carolina would support a study

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Chicago 40, Illinois

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- Depreciation Studies
- Property Ledgers



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Your Mill Owners fieldman is experienced and qualified to assist you. Ask him about our Vis-U-Lizer, streamlined accounting procedures, advertising aids, specific problems. His counsel helps build your premium income.

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Mutual
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Home Office • 301 Grand Avenue • Des Moines, Iowa
The Doorway to Protection

Fire & Allied Lines; Inland Marine; Automobile; Casualty

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SEATTLE — SPOKANE — TACOMA
YAKIMA — BOISE — PORTLAND
LOS ANGELES — SAN FRANCISCO
SACRAMENTO — FRESNO
SALT LAKE CITY
KANSAS CITY, MISSOURI
CHICAGO

★



Service Guide

The LAWRENCE WILSON COMPANY

Managing General Agents
"Unexcelled Insurance Facilities"
SERVICE TO LOCAL AGENTS
AND BROKERS EXCLUSIVELY
First National Bank Bldg., Tulsa 3, Okla.

ROBERT I. BUSHNELL
Management Consultant to Insurance Organizations
Hoydens Hill Road Fairfield, Connecticut
Clearwater 9-8852

N. Madison Cartmell
and Associates
(Successors to Harold C. Pennicke)
Consultants to
Home Office Managements
159 East 49th St. New York 17, N. Y.

BOWLES, ANDREWS & TOWNE
ACTUARIES
Insurance Company Management Consultants
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RICHMOND ATLANTA NEW YORK

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IN MARKETING AND MANAGEMENT
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FRANK LANG & ASSOCIATES
ONE NORTH LASALLE ST.
CHICAGO 2, ILLINOIS
521 FIFTH AVENUE
NEW YORK 17, N.Y.

O'TOOLE ASSOCIATES
Management Consultants
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Established 1945
220-02 Hempstead Avenue
Queens Village 29, N. Y.

to develop a fairer formula. M. Storey Lindsay of Houston said Texas is not happy with the dues situation, and Valmore Forcier of Danielson said Connecticut will go along with the New York suggestion.

Mr. Bandy said that as membership increases the problem of banquet table distribution at the NAIA conventions becomes more irritating. There is a great deal of tipping to hold tables, state secretaries are judged on their ability to get into the banquet hall the minute the doors open and hold seats for state delegations. He suggested states be rotated or assigned. In his resolution, which was adopted, he suggested a plan that would at least accommodate advance registrations. J. O. Hatch of Savannah urged the action, though George R. McClure of Salt Lake wondered about company men; after all, companies support the convention and provide the entertainment. Paul H. Jones of Tucson thought it tough to put the responsibility on the staff, and Guy W. Engle of Casper asked what small states would do that can't fill a table. However, the resolution was adopted.

Mr. Woodbury, who succeeds Robert E. Battles of Los Angeles, started as a life agent in 1933, entered the fire and casualty agency business in 1939, and owns one of the largest agencies in North Carolina. He has served as secretary of Wilmington Insurance Exchange since 1940, is past president of North Carolina association, and in 1951 was awarded the Coghill trophy for distinguished service to the state association. He has been state national director since 1952. He was chairman of Southern Agents Conference, and went on the NAIA executive committee in 1952.

Mr. Slawsby has been an agent since 1935, is past president of the New Hampshire association, and was chairman of the NAIA property committee 1953-54. He went on the NAIA executive committee in 1954. He is past president of Nashua Chamber of Commerce and of Nashua Fire & Casualty Assn.

The convention wound up with a banquet at which Continental-National group provided a more than usually successful program of entertainment. Roy Tuchbreiter, chairman of the group, was at the head table. Continental-National also made a hit with the artists it had at its headquarters during the convention, who drew sketches and caricatures of conventioneers. M. B. Simms, agency director, operated this popular facility, kept an eye on the display the companies maintained and kept an eye on the other Continental-National activities during the convention.

The headquarters maintained by companies and organizations generally during the convention were equal to anything in the past, though there were about 20% fewer agents than usual to partake of the hospitality and fraternization.

Great American Promotes Ames, Names Martin In La.

Great American group has promoted John F. Ames to administrative assistant in the farm and hail department at Chicago and has appointed Willis R. Martin to succeed him as special agent for farm and hail in Iowa with headquarters at Des Moines.

Set Date For NAIW Mid-Year

National Assn. of Insurance Women will hold its mid-year board meeting at the Shoreham hotel in Washington, D. C. Oct. 19-20.



You can count on The Camden U.S.A.

Homes and home furnishing values have sky-rocketed 100% since 1945. Millions of families throughout America, now dangerously under-insured, need the guidance of good agents backed by a reliable insurance company they can count on. May we show you the plan Camden agents are effectively using to sell the idea of "Insure to Value".

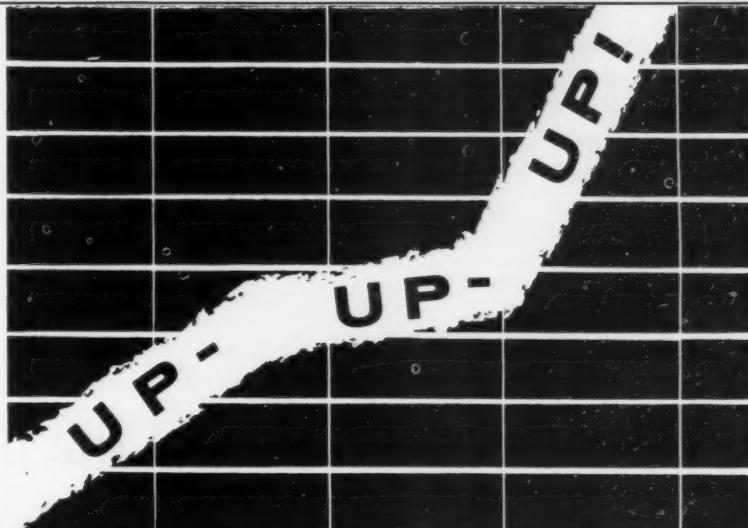


AD 1841

The Camden

FIRE INSURANCE ASSOCIATION
CAMDEN 1, NEW JERSEY

Write for details and sample sales literature of The Camden's new plan to sell the idea of "Insure to Value"



Alabama General's business is expanding with the tremendous potential of the entire South . . . and serving the South from Montgomery, Alabama.

ALABAMA GENERAL INSURANCE COMPANY

P. O. Box 7021 • 1602 Highland Avenue • Montgomery, Alabama

What It Costs To Insure Wraparound Windshields

(CONTINUED FROM PAGE 4)

and speeds. It must be noted the average annual mileage on these cars is 10% to 15% greater than most other areas, in the opinion of the author.

These also cover an average annual experience which is important as all glass and windshield replacements in the northern half of the U. S. are more than double in August and September as compared to December and January. This insurance company study shows

an annual loss frequency of 10.5%. Ten and one-half losses were paid per 100 car years of insurance. The average loss was \$36.85. Reduced in terms of average glass claim expense per automobile the amount is \$3.87.

These figures are the result of all of the cost reducing factors stated above such as wholesale purchase, use of the guide, cure of aggravated losses and on average roads. The plus cost

factors such as a higher percentage of late models and higher mileage tend to reflect higher figures. From the frequency of 10.5% we estimate the windshield frequency to other glass to be in the ratio of 1 to 2 or 3.5 to 7.

From these figures, our knowledge of the product and all of the facts at our disposal we feel that we can project this company's average cost of insuring only 1957 model cars all of which would be equipped with the latest wraparound. The \$3.87 claim cost per car would increase to \$4.40. This again

must be accepted with the above qualifications and will only find substance when analyzed in different areas.

Projecting future figures can make a person look foolish especially when printed and not stated verbally. On the other hand it's part of our business and we always hope for accuracy within 5%.

A double check is found by correlating all the tables and figures so far stated.

Of the \$4.40 loss expense per 1957 model:

75% would be spent for windshields, or \$3.30

25% would be spent for other glass, or \$1.10

Applying the frequency ratio:

3½ windshields at \$82.25 average cost, \$298.38

7 other glass at \$15 average cost, \$105
Total \$403.38

This total is short of \$440 because the larger more expensive windshields have greater area exposure and a slightly higher breakage frequency. The average wholesale installed price will fall short when you apply this variable factor. Sales tax in some areas and the windshield x-factor explained in Part IV will make up the difference.

It will be explained in the following paragraphs that the important figure to remember is average windshield claim expense of \$3.30 per car. You must also consider this as approximating \$6.60 as premium income necessary.

What about the size and cost of windshields in the cars of tomorrow? This paragraph can only be a sincere and sound appraisal of what we can anticipate. It is quite likely that windshields will be at least 10% larger. Most of the increase in size will be in the return bend areas more nearly in line with the forward movement of the car, so the breakage frequency should not increase.

It is quite likely that manufacturing procedures, economies in expensive packaging will hold the price structure at present levels.

There is one unpredictable point to take up in detail that requires very special discussion and demands immediate action by underwriters. It is the new twin-wrap windshield.

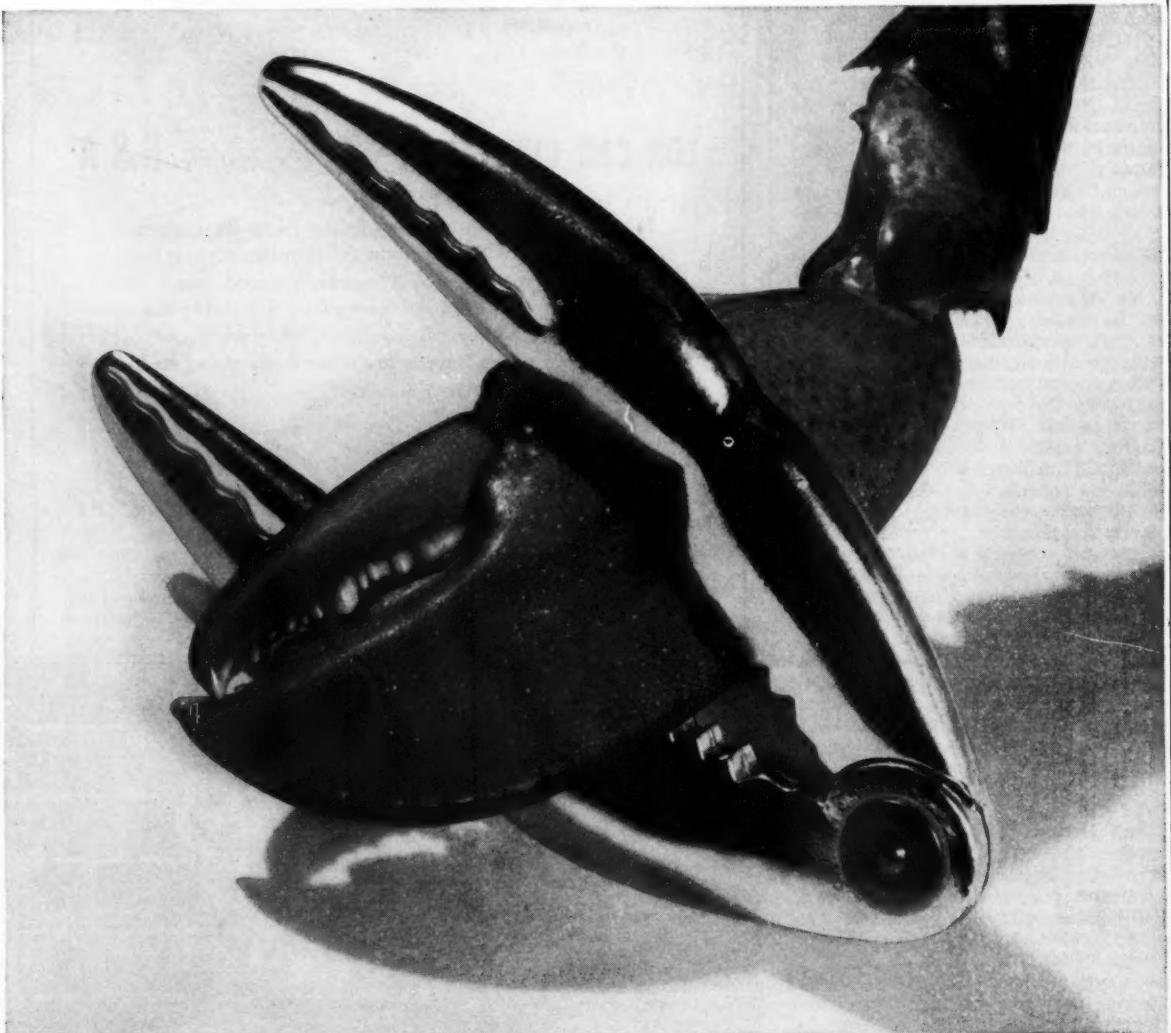
The car stylists of the automotive industry are still the crowned kings. If they feel the so-called twin-wrap windshield is necessary to sell cars, the two paragraphs above are wasted effort and not true.

A twin-wrap windshield is one that is bent back at the top about two inches in the upper extended added six inches of glass as well as the lateral bends at the end. It adds to the size of the glass and compound bends are more expensive to produce, package and install. They supply little or no added safety vision factor. The upper return six-inch bend adds sky and sun glare that cause eyestrain so this portion is mostly shaded at further added cost.

WILL BUY COOK COUNTY PLANT

Well established Cook County supervising General Agency desires to purchase or absorb Cook County area brokerage plant. Representing and enjoying best relations with top ranking multiple writing property and life companies. In reply furnish full particulars which will be held in strictest confidence. Address Box W-75, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

"Unforeseen events . . . need not change and shape the course of man's affairs"



He won't feel the pinch

But you will. On your bank account . . . if you get caught by unexpected trouble—an accident . . . a lawsuit . . . auto crash . . . an embezzlement.

There are scores of such traps. And it takes only one. Unless you're protected such a loss could be ruinous. The way to safeguard yourself is to consult your local independent agent or broker. He can give you the right kinds and right amounts of insurance coverage—before you get in a pinch.

Remember: because your Maryland agent knows his business, it's good business for you to know him.

MARYLAND CASUALTY COMPANY

Baltimore 3, Maryland

There are many forms of Maryland protection for business, industry, and the home. Casualty Insurance, Fidelity and Surety Bonds, and Fire and Marine Insurance are available through 10,000 agents and brokers.

Another striking advertisement to help build more business for the local agent or broker by dramatizing the importance of his knowledge and judgment.

They are on the road in the following few 1957 cars—Cadillac Eldorado, Mercury Turnpike Cruiser, Chrysler Imperial and all convertible models of Plymouth, Dodge, De Soto and Chrysler will have them. A few will be added in 1958.

How much will they cost to insure? Can you wait for experience or is it worthwhile to know in advance? Let's study the table and arrive at a sound answer.

We know that well over 90% of windshield losses come from flying stones.

You must realize you are insuring a frontal area of glass as it is passing over so many miles of highway.

For a simple example—

If you insure one square foot of glass costing \$5 and one out of 10 were broken, your cost would average 50 cents.

If you insured two square feet costing \$10 your cost would not average \$1. The frontal area exposed would be twice as great, breakage twice as great; hence, four times greater than the 50 cents-\$2.

With this simple formula, let us look at the past, present and future: Let's start back to the days of 1948 to 1950 when we had—two half flat windshields containing five feet of glass installed at retail replacement cost of \$17.50 per half windshield.

In 1955 cars and later—one curved wraparound containing $7\frac{1}{2}$ square feet of glass installed at replacement cost of \$105.

Thus, we had 50% more area exposed for breakage from flying stones and a replacement cost six times greater. ($1.5 \times 6 = 9$ times greater windshield dollar expense)

Now for twin-wraps in 2% of 1957 cars—one twin-wrap containing $11\frac{1}{2}$ square feet of glass with a replacement cost of \$160.

Thus 50% again more area exposed (allowance deducted for all return areas) for breakage and replacement cost 50% higher. ($1.5 \times 1.5 = 2\frac{1}{4}$ times greater windshield dollar expense than wraparounds.)

There is no use waiting for loss ex-

perience. It's just a plain matter of figures that give a sound answer. If it takes an \$6.60 premium to insure a wraparound and you fail to collect a \$14.85 premium for twin-wraps, you fail to warn the owner of what this windshield actually costs to insure. You continue to give up the one restraining factor; higher price might prevent them being used in all cars. You are going to lose money on those risks or charge the extra loss expense to many other cars.

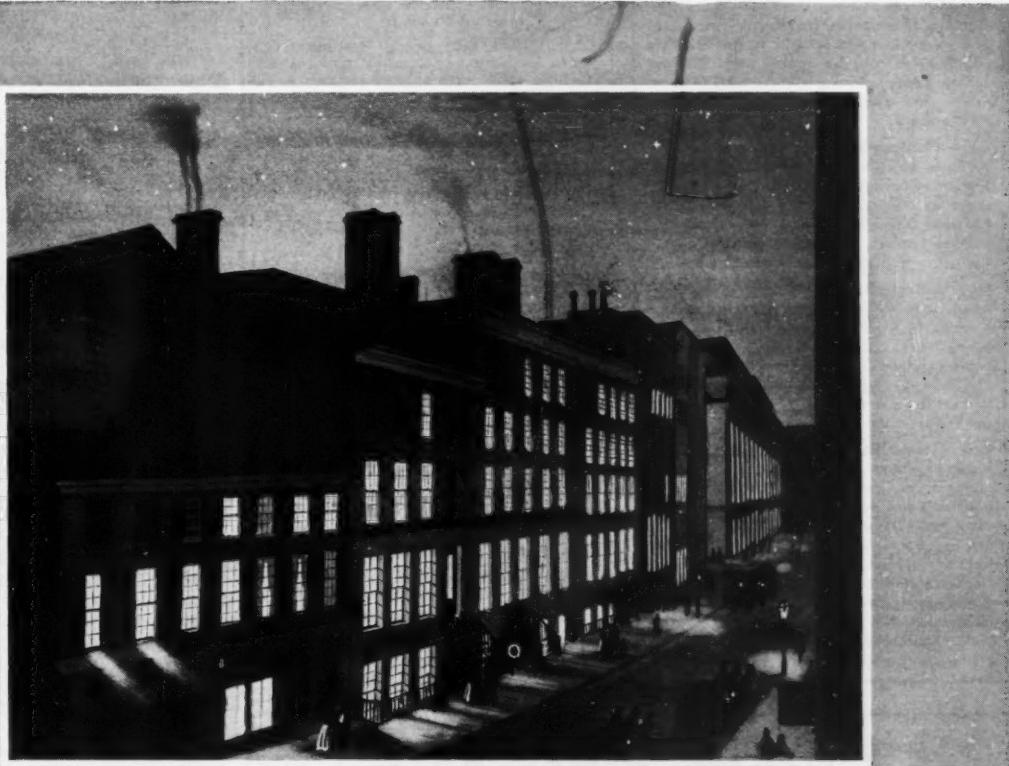
From the foregoing facts of this article one can gather it becomes ex-

tremely difficult to treat glass coverage, especially windshields in certain areas. In some areas of the southwest where we have gravel roads, high speeds and the added hazard of sand storms, it appears only logical the glass premium would have to be three or four times higher. Only in these areas would a deductible policy that represents substantial savings be saleable. Such an offering would encourage an owner to drive behind a damaged windshield with limited vision and no one can afford this. To the author these very limited areas present an unsolved

problem. The car manufacturer, especially the designer, should be made aware of how serious this can become. The quicker realistic rates can be established in these areas the sooner a solution will be found, as few things speak louder than dollars.

American Indemnity Names Sanderford At Kansas City

American Indemnity has named H. F. Sanderford Jr. manager at Kansas City. He has been assistant manager of fidelity and surety at the home office.



When the lights went on in New York

Chubb & Son was already six months old

The click of the switch that lit the lights in New York on September 4, 1882 was far more significant than it appeared at the time. It did more than show electricity had become a household servant, it ushered in a mechanical era that was to change all concepts of insurance protection. An era in which Chubb & Son, organized just six months before, was to play an important part.

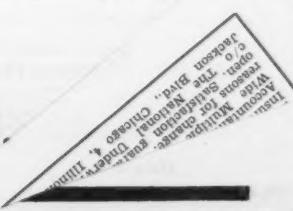
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CHUBB & SON.

90 John Street, New York 38, N.Y.



What It Costs To Insure Wraparound Windshields

(CONTINUED FROM PAGE 4)

and speeds. It must be noted the average annual mileage on these cars is 10% to 15% greater than most other areas, in the opinion of the author.

These also cover an average annual experience which is important as all glass and windshield replacements in the northern half of the U. S. are more than double in August and September as compared to December and January. This insurance company study shows

an annual loss frequency of 10.5%.

Ten and one-half losses were paid per 100 car years of insurance. The average loss was \$36.85. Reduced in terms of average glass claim expense per automobile the amount is \$3.87.

These figures are the result of all of the cost reducing factors stated above such as wholesale purchase, use of the guide, cure of aggravated losses and on average roads. The plus cost per car would increase to \$4.40. This again

factors such as a higher percentage of late models and higher mileage tend to reflect higher figures. From the frequency of 10.5% we estimate the windshield frequency to other glass to be in the ratio of 1 to 2 or 3.5 to 7.

From these figures, our knowledge of the product and all of the facts at our disposal we feel that we can project this company's average cost of insuring only 1957 model cars all of which would be equipped with the latest wraparound. The \$3.87 claim cost per car would increase to \$4.40. This again

must be accepted with the above qualifications and will only find substance when analyzed in different areas.

Projecting future figures can make a person look foolish especially when printed and not stated verbally. On the other hand it's part of our business and we always hope for accuracy within 5%.

A double check is found by correlating all the tables and figures so far stated.

Of the \$4.40 loss expense per 1957 model:

75% would be spent for windshields, or \$3.30

25% would be spent for other glass, or \$1.10

Applying the frequency ratio:

3½ windshields at \$82.25 average cost, \$298.38

7 other glass at \$15 average cost, \$105
Total \$403.38

This total is short of \$440 because the larger more expensive windshields have greater area exposure and a slightly higher breakage frequency. The average wholesale installed price will fall short when you apply this variable factor. Sales tax in some areas and the windshield x-factor explained in Part IV will make up the difference.

It will be explained in the following paragraphs that the important figure to remember is average windshield claim expense of \$3.30 per car. You must also consider this as approximating \$6.60 as premium income necessary.

What about the size and cost of windshields in the cars of tomorrow? This paragraph can only be a sincere and sound appraisal of what we can anticipate. It is quite likely that windshields will be at least 10% larger. Most of the increase in size will be in the return bend areas more nearly in line with the forward movement of the car, so the breakage frequency should not increase.

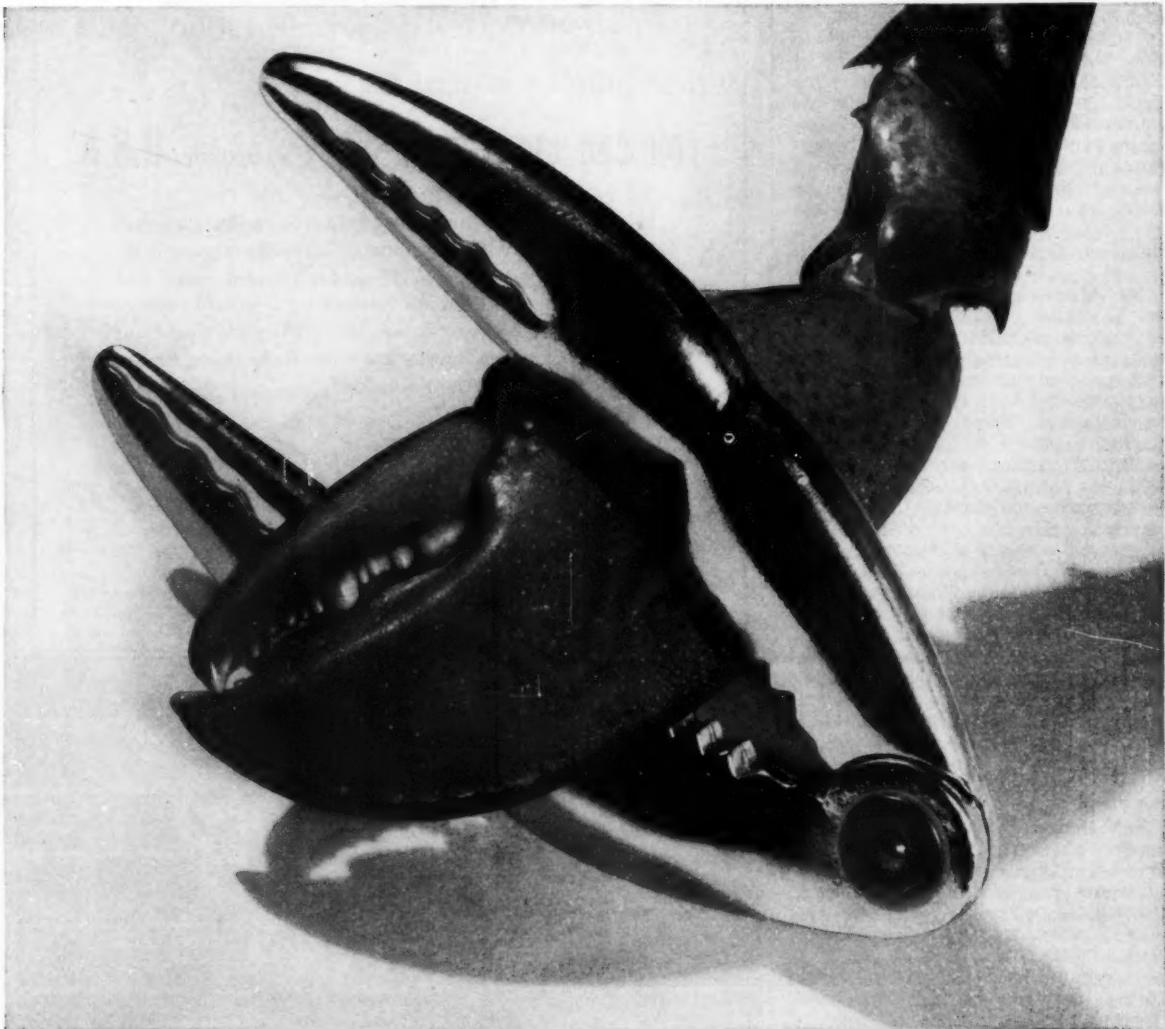
It is quite likely that manufacturing procedures, economies in expensive packaging will hold the price structure at present levels.

There is one unpredictable point to take up in detail that requires very special discussion and demands immediate action by underwriters. It is the new twin-wrap windshield.

The car stylists of the automotive industry are still the crowned kings. If they feel the so-called twin-wrap windshield is necessary to sell cars, the two paragraphs above are wasted effort and not true.

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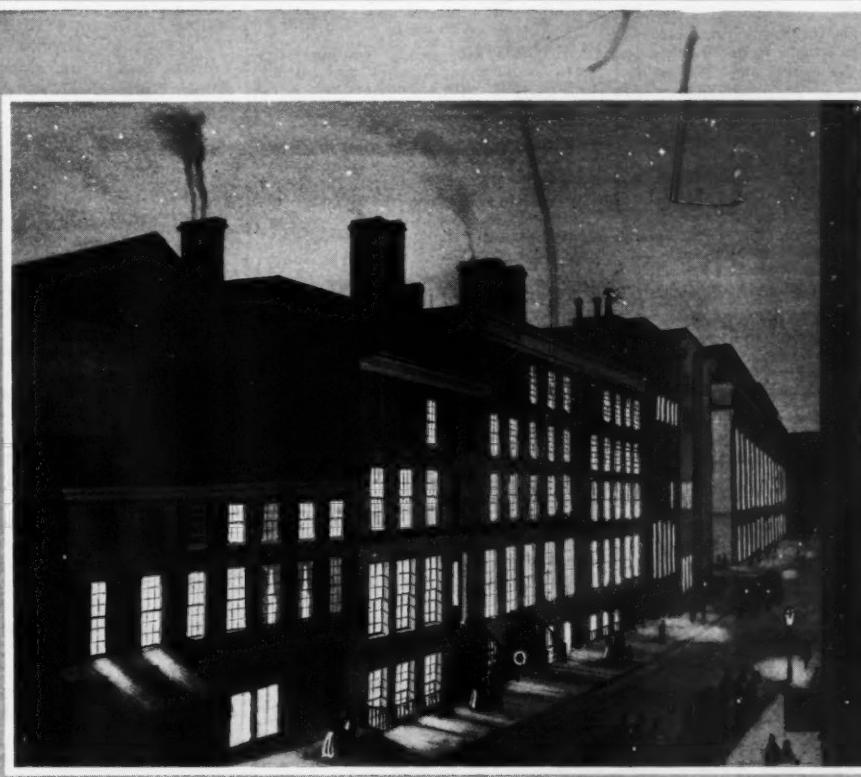
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ORGANIZED in 1880, IOWA STATE is the oldest organization of its kind in the world. Reputable, strong and experienced, it offers to the white-collar worker a modern accident insurance coverage tempered with old fashioned friendliness and consideration... and at a cost consistent with the most modest budget.

Iowa State
**TRAVELING MENS
ASSOCIATION**
DUTTON STAHL, President
DES MOINES, IOWA

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CHUBB & SON, Underwriters

90 John Street, New York 38, N.Y.

WANT ADS

Rates—\$20 per inch per insertion—1 inch minimum—sold in units of half-inches. Limit—40 words per inch. Deadline 5 P.M., Friday in Chicago office—175 W. Jackson Blvd. Individuals placing ads are requested to make payment in advance.

THE NATIONAL UNDERWRITER

ATLANTIC-CENTENNIAL GROUP FIELDMEN UNDERWRITER CLAIM ADJUSTER OPPORTUNITIES

The Atlantic Companies are seeking men in the 25 to 35 age group to fill the following career positions:

Central Illinois Fieldman: Minimum three years experience principally in the fire field to handle established agency plant with excellent opportunity for further development. Prefer man who has or will make home in this territory.

Ohio Fieldman: Minimum three years experience principally in the casualty field to service established fire and marine agency plant for full casualty line recently introduced in Ohio. Excellent opportunity to grow with companies' expanding casualty operations.

Fire Underwriter: For our division headquarters in Chicago. Man desiring broader opportunity in the multiple line field. Minimum five years' experience, heavy on the commercial side. Will be assigned to Multiple Lines Department as senior underwriter to contribute knowledge and experience to our multiple line underwriting program.

Fire Claims Examiner: For our division headquarters in Chicago. To assist in handling claims under Fire and Multiple Line policies. Some experience required. Excellent opportunity for advancement.

Salaries open. Generous employee benefits including Major Medical expense plan, etc. Please send résumé including education and experience to: Mr. R. S. Jordan, The Atlantic Companies, 223 W. Jackson Blvd., Chicago 6, Ill. Your reply will be treated with the utmost confidence.

SPECIAL AGENT

A progressive, A+ rated, non-assessable Indiana multiple line mutual insurance company needs special agents—men who can lead and train agents in the effective use of extraordinary tools in writing auto, fire, workmen's compensation and other related lines. Applicants must have initiative, personal drive, sales know-how and a sound knowledge of human relations. Prefer married men in late 20's or early 30's, 2 or more years college, 2 or more years special agent or auto, fire and casualty insurance sales experience. Excellent opportunity to learn and grow with expanding company. Car and expenses furnished. Salary open (no commission), replies confidential. Submit experience, education and age. Write to Box W-77, c/o The National Underwriter Company, 175 West Jackson Boulevard, Chicago 4, Illinois.

EXECUTIVE POSITION WANTED

20 years experience in casualty production and underwriting, field organization and supervision. CPCU, married, employed. Good appearance, aggressive, enjoys hard work with commensurate salary and opportunity. Best references as to ability, accomplishments. Address Box W-71 c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

DISTRESS RISK COMPANY

Company that can qualify to write admitted in: Nebraska and Iowa on distress auto and miscellaneous lines. \$100,000 potential. Reputable established agency. Reply Box W-74 c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.

AVAILABLE IMMEDIATELY

Top Insurance Comptroller desires to relocate anywhere in United States with good progressive Insurance Company or Insurance Department as Accountant, Internal Auditor, Systems Expert. Wide, Multiple Line experience. Best personal reasons for change. Very good References. Salary open. Satisfaction guaranteed. Reply Box W-78, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.

CASUALTY SENIOR UNDERWRITER and MULTIPLE LINE FIELDMAN

Milwaukee Branch Office expanding organization to further develop large agency plant resulting from purchase of General Agency. Full company benefits of retirement income and insurance. Ages to approx. 45 years.

UNDERWRITER needs minimum 5 years experience capable supervisory training work with agency contact work assisting company's manager. Definite advancement opportunity.

FIELDMAN to assist in multiple line development agency plant throughout Wisconsin locating either Milwaukee or Central-Eastern city. Emphasis on casualty development. Will consider present casualty underwriter adapted to production work.

Contact: R. F. Miller, V.P., Trinity Universal Ins. Co., c/o L. C. Dobbert General Agency, 611 N. Broadway, Milwaukee, Wisconsin.

INSURANCE CLERK

Want Intelligent Capable Young Man or Girl For General Office Work In Insurance Department Of Major Chicago Corporation. Require Excellent Typist And Accuracy With Figures. Company Agency Or Corporate Insurance Experience Acceptable. Opportunity To Develop. Salary Dependent Upon Experience And Capability. Liberal Vacation And Benefit Program. Write Giving Complete Personal And Job History. Address Replies to Box W-63, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.

FOR SALE

Small agency in rich farming area located in downstate Illinois on US 44—large farm potential; just right for retiring company man or young aggressive man who wants to build, no credit problems. Sell for \$8,000 cash only. Write Box W-60, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

WANTED

Experienced fire and casualty insurance man that would like to buy into a well established Denver, Colorado, Incorporated Local Agency and assume some of the management as well as outside solicitation of business. Salary \$500 per month. Agency volume approximately \$150,000. Cash reserve and agency equipment better than \$20,000. Minimum investment requirement \$10,000 for one-sixth interest in Agency. Write Box W-68 c/o The National Underwriter Company, 175 W. Jackson Boulevard, Chicago 4, Ill.

SPECIAL AGENT—AVAILABLE

Age 27—married with two children. Three and one-half years experience with present Mutual Casualty and Fire Company. Prefer employment in Ohio. Write Box W-72, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.

WANTED—LLOYDS UNDERWRITER

Excellent opportunity in large national organization for experienced Lloyds Underwriter (particularly Fire Underwriting). Salary commensurate with abilities. Financial 6-3000, Miss Hope, Chicago, Illinois

Control \$65,000 in preferred fire, liability and suburban auto line. Also have competitive and receptive markets for all lines. Seek merger with other brokerage accounts. Chicago and Chgo. Suburban area only. Write Box W-81, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.

Parker Defends Fire Rate System At NAIC

(CONTINUED FROM PAGE 8)

the red ink of 1956-57 is implied if not stated.

Some critics do not understand differences between fire and other rating, he said. Fire rates fundamentally are an expression of the physical hazard of a particular risk and not simply the statistical function of past experience on a given number of similar properties. If hazard is properly analyzed, it tends to create a rate in keeping with the probable experience, without need for statistical juggling acts except when there are important shifts in burning ratios or loss cost. This applies particularly to the mercantile and manufacturing classes where individual values are and loss exposures large.

Mr. Parker illustrated with a manufacturing risk occupied by several tenants, one making metal outdoor grills, another manufacturing cardboard egg case fillers and a third, plastic balloon compound. One might search for many years without finding a risk duplicating this in occupancy, construction or grade of private or public protection. Nevertheless, a rate is made after inspection and under schedule, according to the potential hazard. The agent may influence insured to put in some improvements that reduce the hazard. A revised rate is published, still a perfectly sound rate reflecting the hazard of the risk. The metalworking occupancy is replaced by a mattress factory. Rates for the building and each occupancy are again revised to reflect this. All of the rates are without direct regard to statistical experience for that cannot be available except on a much broader basis. Each rate, however, is adequate for the risk and is made with due regard to the underwriting viewpoint and judgment of companies and schedule makers.

Thousands of classifications or divisions of hazard are embraced in a fire rating system in contrast with the simple classifications plans used in many other branches of the business. The application of these charges and credits under a rating system automatically tends to create reasonable but adequate rates. The inspector rates as he sees the risk, making a rate for the future and not simply a rate based on past experience, and such new and revised rates are being established constantly by the inspection and rating organizations. There is no other branch of the business with a rating operation comparable to this, in its attention to the production of rates in keeping with hazard.

Another major difference, Mr. Par-

UNDERWRITER—FIRE

Expansion program of multiple line company provides opportunity for Fire Underwriter; must have practicing knowledge of rates, coverages, and underwriting problems; ability of expression, get along well with people. Ability to command confidence, train toward area multiple line underwriting.

HOME MUTUAL INSURANCE CO.
ESTABLISHED 1900
APPLETON, WISCONSIN

COLORADO AGENCY FOR SALE

Half interest in well established fire, casualty Agency. Located in most beautiful town in Colorado's Rockies. Ideal living—near world famous Aspen, ski and cultural center. Write: Leon Braskamp, 1016 Pitkin Ave., Glenwood Springs, Colorado. Phone 572.

ker said, is that statistics of past experience in the fire business should properly be used only as a general guide to adjustment of rate levels, rather than as an exact measure of rate level. This follows from the nature of fire experience representing very low incidence of claim but often large individual losses. Whiskey warehouses are an example. The midwest went for a recent period of some nine years without a major loss and then had a \$7 million loss at Pekin, Ill. Experience figures have little bearing on rate level for special classes such as that, and informed judgment must be the principal guide in the construction of rating schedules and rate levels.

Fire losses generally are paid in the month or year they are incurred and are settled on values that are in definite relation to the insurance that applied at time of loss. Mr. Parker particularized this, speaking of mercantile and manufacturing classes, where coinsurance or full value reporting clauses lead to maintenance of insurance to current value regardless of inflationary factors. If not maintained to value, insured will be penalized at time of loss. While certain classes such as dwelling have suffered from the effect of inflated repair and building costs, and unquestionably the effect of inflated repair costs applies on most building claims, there is still a major difference in the effect of inflation on the fire business compared to automobile or casualty. The fire business is not affected very often by settlements or judgments entered years after the claim is incurred.

The use of statistics of past years in obtaining a reasonable stability in rate level is not improper in the fire business, if such statistics are further adjusted to current rate level and proper weight is also given to known trends of the most recent underwriting experience.

In this connection there appears to be a very general lack of understanding on the part of some critics as to the manner in which the experience figures of prior years are used.

For many years now the fire rating bureaus have based their decisions on changes in rate level on past experience adjusted to reflect the effect of current rates. While experience for 1956 is itself not available until 1957, the experience figures ending 1955 were long ago adjusted to the rate changes effective in 1956. Thus, premiums produced under such adjustments should be a fair indication of the probable future premiums based on the rates or premiums being charged on current business. The loss total and trend, if any, of a future year is the unpredictable part of the equation. It is there that judgment must apply, and it is there that some insurance departments have failed to give the rating organizations the required degree of latitude in the adaptation of past experience to prospective rate level adjustment.

In the 25 years from 1932 to 1956, Mr. Parker said, the fire business made a reasonable underwriting profit on pure fire coverage 21 times. Since 1949, the business had a steady record of underwriting profit on pure fire coverage. As late as 1955, the underwriting profit on fire business

(CONTINUED ON PAGE 36)

(CONTINUED FROM PAGE 23)
broker, as the agent of the policyholder, was held liable for the loss resulting from his failure to obtain the kind of insurance he was instructed to obtain. Louis di Minno Construction Corp. vs Trombello, 154 N.Y. Sup. (2d) 723, October, 1956.

When the Wilson agency in Columbia, S.C., agreed to insure the contents of a newly constructed restaurant for \$25,000 and to make the insurance effective immediately, and when no policies were written before a fire destroyed the restaurant, the apportionment of the risk among 10 companies represented by the agency to the extent of \$2,500 each was held to be ineffective, even though several of the 10 companies voluntarily paid their pro rata portions of the loss. Dubuque F.&M. vs Miller, S.C. supreme court, March 6, 1951, 7 (F&CC) 474.

Wade and others had a fruit warehouse and packing plant and bought a fire policy with business interruption of \$80,000. Fire partially destroyed Wade's plant, causing suspension of business, loss of profits, etc. Prior to and at the time the policy was issued and delivered, the local

agents who were made co-defendants in this litigation had represented to Wade that loss of buying-and-selling profits was included in the protection. Wade relied upon this advice. The company denied liability on the ground that the contract did not cover such loss. Wade asked for judgment against the company, or in the alternative, against the agent. The case has not yet been fully determined or is not yet contained in the published reports. Wade vs New York Fire, U.S. district court (Wash.), April 16, 1953, (F&CC) 73.

Nabeeha Rashid owned a restaurant building four miles west of Fort Madison, Ia. The Scherfe agency, through Baughman, its president, undertook to secure fire insurance on this risk. Baughman wrote to two Chicago brokers—one Brown, the other Smith. Both replied they could get coverage but wanted more facts about the risk. Brown wanted to know total insurance value, coinsurance, rates and previous loss experience. Smith wanted prospect's past record on bankruptcies, failures and previous fires. Baughman wrote both brokers nearly the same letter, reporting a single previous fire on a restaurant the prospect owned in town. The policies were issued and were once renewed. During the second term, on Nov. 25, 1950, fire caused a total loss. The loss was paid but the companies sued the agent for false and fraudulent representations relied upon by the companies. The agency admitted there had been three fire losses besides the one reported, in the sums of \$1,015, \$4,000 and \$75. The agency denied knowledge of these fires when the letter was written to the brokers. The court held it was the duty of the agency to know the truth or falsity of its representations. Baughman could not hide behind his corporate agency. He was personally liable for the torts of the agency. He was the active participant in the negotiations. American Universal vs Scherfe agency, 135 F. Sup. 407, Dec. 26, 1955.

It has been appropriately said that "individualism" is the one word which sums up the spirit of the common law. The little affairs of the citizen, taken singly are unimportant to anyone but the persons involved. In the aggregate, however, they are of immense importance to the community because the law which regulates them affects every member of society, Mr. Landis concluded.

N. Y. Insurance Women To Hold Midyear Oct. 11-13

Federation of New York Insurance Womens Clubs will hold its midyear meeting Oct. 11-13 at the Henry Hudson hotel in New York City. An executive board dinner meeting will be held for officers, board members and committee chairmen Oct. 11. Insurance Womens Club of Staten Island is hostess club. Federation officers are Miss Annette C. Cirbus, Staten Island, president; Miss C. Lucile Hobart, Rochester, vice-president; Miss Sophia C. Putas, Buffalo, recording secretary; Miss Rose V. Sasso, Staten Island, corresponding secretary, and Miss Angela M. Ruscio, Schenectady, treasurer.

Miss Margaret Kane, publicity chairman and historian of the federation for a good many years, has resigned. She has been succeeded by Mrs. Rose M. Kessler of Albany.

NACCAs To Hear Award Method
Wisconsin chapter of National Assn. of Compensation Claimants Attorneys will hear Allan Cain, Appleton, discuss "How to Recover \$150,000 in Settlement of a Leg Amputation" at the September meeting in Milwaukee.



"*Moral Obligations*"
are covered, too, under

PHYSICAL DAMAGE TO PROPERTY

Of first importance to any individual is his protection against large damage suit judgments based on his legal liability for injury or damage. But there are also those less costly, though worrisome, instances where the individual or some member of his family has damaged the property of a friend or neighbor.

Use by the insured may put damage to a borrowed item under the exclusions of the Comprehensive Personal Liability policy. And, if caused by a small child, there may be no legal liability. Just the same, the insured still feels obligated to pay. "Shelby" agents find most folks interested in having the extra coverage of the Physical Damage to Property endorsement that does pay in such cases. Are you adding it to the policies you write?

THE
Shelby Mutual
INSURANCE COMPANY
of SHELBY, OHIO

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FIRE & CASUALTY

DIRECTORY OF RESPONSIBLE INDEPENDENT ADJUSTERS

CALIFORNIA

W. C. QUIGG & ASSOCIATES

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Claim Assn. Elects Lave New President To Succeed Wilks

George W. Lane Jr., assistant vice-president of Metropolitan Life, was elected president of International Claim Assn. to succeed Lee Wilks, 2nd vice-president—claims of Lincoln National Life, at the 3-day annual meeting in Atlantic City.

Turner O. Houston, assistant secretary of Peninsular Life, was chosen vice-president. Louis L. Graham, vice-president of Business Men's Assurance, and John McAlexander, vice-president—claims of Bankers National Life, were reelected secretary and treasurer, respectively.

Howard J. Leclair, vice-president of Mutual Benefit H.A.A., was elected chairman of the executive committee. Chosen for 2-year committee terms were Mr. Wilks; Carl V. Lindstrom, assistant secretary of John Hancock; Stanley L. Teterson, assistant secretary of Aetna Life, and Herman H. Bijesse, assistant vice-president of Guardian Life. Elected to 1-year terms

were Edwin Linthicum Jr., secretary of the claim department of Travelers; Walter T. May, assistant secretary of Massachusetts Mutual; John D. Kirkendale, claim manager of North American Life of Toronto, and Daniel A. McCabe, general manager of Prudential.

GAB Promotes Dowle Names Seitz In Montana

General Adjustment Bureau has appointed William J. Seitz Jr. manager at Miles City Mont., to succeed F. G. Dowle who has been promoted to manager at Pasco, Wash. Mr. Seitz has been on the staff at Sidney, Mont.

Alpena, Mich., Agents Elect Zeller

Alpena (Mich.) Assn. of Insurance Agents has elected Clarence Zeller president; James F. Gagnon vice-president, and Royal F. Bertram secretary-treasurer.

Automobile Claims Assn. of New York heard M. E. Larson of Goodyear Tire & Rubber discuss the new captive-air tire, its place in the automobile industry, and its role in traffic safety, at the September meeting.

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Mutual Conference Shows Underwriting Hue

(CONTINUED FROM PAGE 2)

in the next year, or five years, or ten? In many cases, he said, growth of 5 or 10% would not be growth at all if competitive companies have grown by 20% in the same time.

It is important, he continued, to make a thorough analysis of your company, your customers, your sales force, your policies. What is competition doing? A most important consideration is the personnel problem future expansion brings. "Expansion today is a highly scientific procedure," he concluded.

The two key factors in expansion, as Mr. Jeffers sees them, are money and people—not necessarily in that order. No proper planning can be executed in their absence. Management must be willing to make a substantial investment in manpower development, he said.

Mr. Jeffers stated that research should define the proper market for any organization. A company should check carefully loss patterns of companies already in an area, and its political climate with what effect that has upon insurance regulatory officials, before "moving in," he said.

Mr. Jeffers advised a company planning to expand to "develop a manual describing the sequence of events to be followed covering at least a five-year period. It should be a road-map to your goal covering personnel, areas, goal, etc."

Mr. Darling, too, stressed the importance of planning. Not only must a company decide into which states it wishes to expand, it must also provide in its planning where *within* the state to start. Among other decisions which must be made in advance, he said, are (1) whether to staff completely a new territory as soon as possible or to move more slowly, setting up a production force first and moving in other needed personnel later; and (2) how to appoint agents.

During the separate vested agency session, Robb B. Kelley, Employers Mutual Casualty; Paul H. Dubuc, Shelby Mutual, and A. Lynn Minzey, Auto Owners, formed the panel which tackled the problem of correcting or eliminating agencies with high loss ratios.

Mr. Kelley said that 1956 and 1957 to date, which he described as the darkest days many in the insurance business had ever seen, certainly pointed up the seriousness of the problem of loss ratios. He feels that it is the company field man who can do most to correct loss ratio problems. "Much depends on his integrity and loyalty with his company—his common sense and his industry. His estimate of the agent's ability and sincerity is all important", Mr. Kelley said. Then, too, much depends upon the character of the community. He recommended that companies avoid towns with predominantly bad characteristics—such as "army" towns and "lumber" towns.

He suggested that the best way to eliminate agencies with poor loss ratios is to avoid making agency appointments without a thorough town analysis. He put it that a careful town analysis will determine who the best agents in a community are and at the same time eliminate undesirable agents. And, he said, the best agents produce the best business.

What kinds of agents have proved to be good? He mentioned the ex-direct writer (who is trained to go after good business), the ex-captive agent, the ex-special agent or com-

pany man, the middle-aged man of common sense going into business for himself, and the local agent with a real sincerity and desire to do a good job both loss ratio-wise and production-wise.

As poor agency prospects he listed among others the "man with a typical broker's outlook" with an "attitude to companies in general bad," and the man who has the attitude that there is "nothing to underwriting."

Mr. Kelley believes that it is important how the company is sold when an agency appointment is made. "The agent must be sold on underwriting good business," he said. "If he takes us on because his present carrier isn't liberal enough, watch out."

Mr. Dubuc, describing ways and means of insuring low loss ratios by educating agents on effective field underwriting methods, expressed the conviction that many poor risks are accepted because "within-the-agency competition makes it expedient to take some of the bad to get the good." In other words, he said, competition dictates—under normal conditions—what our underwriting habits will be. "Normally this is not too bad because the total underwriting result is satisfactory and top management in our respective companies permits the sales section to weigh its hand in tipping the scales which measure the balance of authority between sales and underwriting controls."

"Unfortunately," he went on, "these are not normal times in our industry. Total results are not good. Rate levels are obviously below the point necessary to yield break-even results on average business. We in the sales end are called upon to temper our sales pitch with a pronounced tone of underwriting conservatism. And each of us will do just that forgetting, for the time being at least, the competition with which usually each of us is most concerned, namely, the other companies in our own agencies."

Generally speaking, all we can expect of an agent is that he operates honestly and intelligently within the areas designated as "acceptable," "prohibited" or "refer to home office" in the underwriting guides with which he is equipped by most companies. No man can be all things and it is a little too much to expect that an agent be, also, a finished underwriter."

In conclusion, Mr. Dubuc said that he is certain that some equitable method must be devised to reward the agent who consistently produces a profit for his company and to penalize the agent who consistently produces a loss.

Mr. Minzey confessed that correcting a bad loss ratio condition is a most difficult task. But, he said, it can be done. The first step he follows after getting a bad loss ratio report is to look at individual and cumulative reports of the last five consecutive years. The five-year period gives better perspective, he said.

Then, he asks the statistical department to furnish a record of claims paid and claims pending. Often these show a pattern of loss repeaters, poor risks, many claims of a certain type, etc. Sometimes, he finds that the underwriting department has deviated from practices established by the company.

Following this panel, Roger C. Emery, National Grange, discussed his company's direct billing auto policy—or, as he called it, the "cash plan" system. Mr. Emery feels that the con-

tinuous, direct-billing contract may well become a standard part of underwriting in the future. He is of the opinion that the direct-billing feature is essential since any method of company policy handling which omits it defeats the main purpose of the plan, which, he stated, 18 companies have now adopted. He feels companies must come to this to compete and that agents will profit with more selling time.

He mentioned the "end run" of some companies of organizing a "pup" to handle this type contract. He said, "the same agent will in many competitive cases agree to place business with the new company at reduced commissions, but will fight to the bitter end the parent company from doing the same thing."

He listed as advantages of the plan its economy plus the fact that it is possible within the framework of the plan to guarantee the agent the ownership of his expirations. As disadvantages he mentioned high lapse rates, hostile attitude of agents and separate underwriting-collection problems created.

At the non-vested session C. J. Bailey, Federated Mutual Implement and

Hardware; Henry Keller, Jr., State Farm, and C. W. Lehmann, Mutual Service Casualty, described the procedures of their companies in recruiting, selecting and training sales representatives.

Although each of the companies has, of course, different techniques and basic philosophies, there was a marked similarity in their methods. Each of these companies rely upon some scientific method for selection of personnel; each a definite method for picking the "right" man from many.

Friday morning, Dr. Frank Lang, Frank Lang and Associates, Inc., the New York and Chicago insurance marketing and management consultants, described in graphic detail the role and responsibility of the insurance sales manager amid the revolutionary changes in the insurance business today. "Under increased competition, a new type of insurance sales manager is emerging in fire and casualty insurance," believes Mr. Lang. His talk is reported separately elsewhere in this issue.

The final speaker, Rev. Clarence R. Rahn, delivered an inspirational address.

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Rate Bureaus Not To Blame For Losses: Parker

(CONTINUED FROM PAGE 33)

was satisfactory. Even in 1956, the underwriting loss on pure fire business was only about .7%—the least unfavorable of the major lines written by fire companies.

The fire business had several kinds of trouble in 1956. Contrary to the usual pattern of inflation, premiums remained fairly close to the 1955 level while losses rose by about 16%. Some of this was due to broadened forms. Perhaps more can be attributed to siphoning off of premiums under the growth of installment payment and diversion into multiple line coverages that do not show up in the fire experience. Certain of the loss dollars are not under standard coverages filed by the bureaus. "Unquestionably, we are in an economic period where deflation and tight money can have an important impact in spite of continuing inflation."

In many individual states, the experience continues quite satisfactory. In others, adjustments in rate levels have been made or will be made through the natural course of rate review and schedule changes. Such adjustments seldom present a spectacular display, Mr. Parker explained. "We in the bureau end of the fire business are well aware of the demands of 1957," Mr. Parker said. "We think we have a fluid drive model that is sturdy but fast enough, given a little help along the way. We know that no cure for present experience lies with rate levels or rating methods alone, for many things have contributed to today's problems."

"1957 is a year in which corrective action is needed and has been started. I am sure that the fire rating processes will continue to merit the confidence of our industry."

Multi-Peril Insurance Conference started with a mandate for a single new dwelling program, Mr. Perlet said. This has to involve some changes in concept on the part of all involved. Though the homeowners policies and the comprehensive dwelling policy have come closer together, the former acquiring somewhat more flexibility and the latter, greater simplicity, a single program will eliminate costly duplication.

Agents want flexibility, Mr. Perlet pointed out, but they also favor staying as close as possible to an insurable premium. The ideas are not perfectly compatible, so agents will "hasten to recognize the new product, when it appears, as a compromise."

Of the commercial property coverage program, Mr. Perlet said there is as yet insufficient consistent experience. It is approved in 45 states, but it cannot be said to have had a "shake-down" yet. New developments in this program are unpredictable at present. Possibly, there will be some review of eligibility, of rating and of the inland marine features. The program will gradually assume its place in the business, he said.

Mr. Perlet said there is also some thought of a single program for industrial risks, since there is some duplication between manufacturers output and the new industrial property policy program. There could be no timetable on this, of course.

Northington Gets Strong Support In Tennessee

The Nashville Banner has come out in support of Commissioner Arch

Northington. The Nashville Tennessean has been criticizing Mr. Northington for retaining an interest in a local agency while serving as commissioner. Meanwhile, Gov. Clement has indicated he favors a hearing on filings for automobile liability rate increases of approximately 20% before they are granted. The rate filing started the hullabaloo.

Insurers of Chattanooga have unqualifiedly endorsed Mr. Northington's record as commissioner.

Mass Market Buying Habits Described At NAIA

(CONTINUED FROM PAGE 2)

litors and the problem is solved. They advise that the increased commission income produced by these men will soon pay the expense of training and return the agency a handsome profit. He wishes this were so.

The cost of developing one good agency man (out of five tries) is estimated at \$25,000, he said. How long will it take to get that back? Five years, 10 years? How simple is this problem anyhow? How many one-man agencies or small partnerships have \$25,000 to invest in securing and training solicitors, especially if each solicitor tried to open his own business, become his own boss, and represent the same companies, at the same gross commission rates as his present employer?

The life companies, which appear to be the only ones seriously considering the vital personnel problem, seem to think paying for 10 men is not an exorbitant price to get one good one. They have elaborate agency financing arrangements and training programs, and undoubtedly, it pays, even when nine of 10 trainees are either mediocre producers or outright failures.

What can the local agent do by himself, or his company on its own initiative? What is the root of the problem? Mr. Schenck thinks it is commissions, which companies want lowered and agents want raised.

It would be interesting if companies would investigate the use of an average special agent's time, and determine what percentage is spent nursing the new, untried, and unlearned, fledgling agent compared to the time spent with the established agency which tries to perform a professional service for its clients and whose personnel study to keep up-to-date on the trends in the business. A new light would then fall on the expense ratio. Perhaps then company overhead would not be charged against each agency as a flat percentage figure, but would be gauged realistically, with those who perform services for the company receiving the benefit they deserve, and those who use the company for a crutch paying for the support they require.

Mr. Schenck regards the risk of losing business by hiring solicitors a very real one. The majority of the independent one man agencies got their start in another agent's office.

One thing is clear, he said. A solution to the agency's manpower problem will require a great degree of good faith and cooperation between agent and company. The basic concept of commission compensation must be examined with an eye toward some justification of the rate paid according to services rendered by the agent. Some means of easing the financial risk to the individual agent must be sought through company assistance by the agent eager to enlarge his agency—and his company's business.

Gengras Takes Over Security From Simon

(CONTINUED FROM PAGE 1)

former director of National Fire and Transcontinental and was active last year in unsuccessfully opposing the acquisition by Continental Casualty of National of Hartford group. He is also active in numerous civic organizations and is president of Gengras Motors Inc., a Ford dealership in Hartford, Conn.

Mr. Berry, who first became president of Security-Connecticut in 1938 and continued in that position until his retirement last Dec. 31, is a former secretary and a member of the executive committee of National Board of Fire Underwriters, an honorary member of the board of Underwriters Salvage Corp. of N. Y., a former director of General Adjustment Bureau, and former president of Eastern Underwriters Assn.

P. Warren Smith, a member of the new board and a director and newly-elected president of F.&C. of Connecticut, has also been director and vice-president of Paramount Fire and a vice-president of Pacific National Fire.

Mr. Gengras is the fourth president Security-Connecticut group has had since Mr. Berry retired. G. Albert Lawton, now president of Bankers Security Life of N. Y., succeeded Norton Simon, Los Angeles manufacturer and financier, as president last March. He reportedly resigned because of a disagreement on operational methods. Mr. Layman was elected president to succeed Mr. Lawton last June and immediately began a reorganization of the group.

Security of New Haven was founded in 1841, organized its wholly owned subsidiaries, Connecticut Indemnity, in 1931, and Security-Connecticut Life, in 1955. Over the years, until last January, control of the companies had been vested in Connecticut interests. Control was shifted west, however, when Norton Simon, Los Angeles, manufacturer and financier, succeeded Mr. Berry as president. Earlier, in 1953, a group headed by Mr. Simon had acquired a considerable stock interest in Security.

Rogan Turns Down NAUA Request For Wis. Rate Hike

Commissioner Rogan of Wisconsin has turned down a filing of National Automobile Underwriters Assn. for a 9% rate increase. The filing was made Jan. 2.

The commissioner said his disapproval resulted from a "new approach" the Wisconsin department has taken in figuring permissible rates which

would call for a separation of statistics between companies specializing in financed automobile business from multiple line insurers. The department holds that the "special characteristics" of companies writing financed business warrants separate consideration, and their "adverse loss ratio must not be used to support an increase in rates applicable to non-financed business."

BenJack Cage Takes Fifth Amendment In Legislative Probe

BenJack Cage, former head of the now-defunct ICT of Texas, merely gave his name and address to members of a state legislative investigating committee at an open hearing in Austin last week. To all other questions, he replied, "I refuse to answer that question on the grounds that it might incriminate or tend to incriminate me."

The committee finally dismissed Mr. Cage amid scathing comments. Earlier in the week, Mr. Cage had refused to testify before the Travis County grand jury in Austin in a session that lasted only 10 minutes. However, in the preceding week Mr. Cage had testified for three days before a Dallas county grand jury where he is under indictment for embezzling \$600,000.

Textile Names Cage Executive V.P., Elects Wilson, Ingle, Hayworth

Textile of High Point, N. C., has named James G. Cage executive vice-president and chief executive officer. Mr. Cage was formerly president and chairman of ICT of Texas.

Prior to World War II, Mr. Cage was with Cravens, Dargan & Co. of Houston. In 1946 went with William H. McGee & Co. in New York, Chicago and San Francisco, becoming resident vice-president. He joined ICT of Texas in 1954 and in 1956 was elected president and chairman to reorganize the company.

Textile has also elected T. A. Wilson, who has been president of the company since its organization, as chairman; has elected I. Paul Ingle president, and Charles E. Hayworth secretary-treasurer. Mr. Ingle is also president of Carolina Container Co. and vice-president of High Point Paper Box Co.; Mr. Hayworth is secretary-treasurer and general manager of Alma Desk Co. and president of Hayworth Roll & Panel Co.

Henry A. Franz, center, of Clifton, is sworn in as president of New Jersey Assn. of Insurance Agents at the conclusion of its annual convention in Atlantic City. Administering the oath of office is Alfred C. Sinn, also of Clifton, a past-president, and head of the agency of which Mr. Franz is vice-president. At right is Roy H. MacBean, Cranford, reelected state national director.



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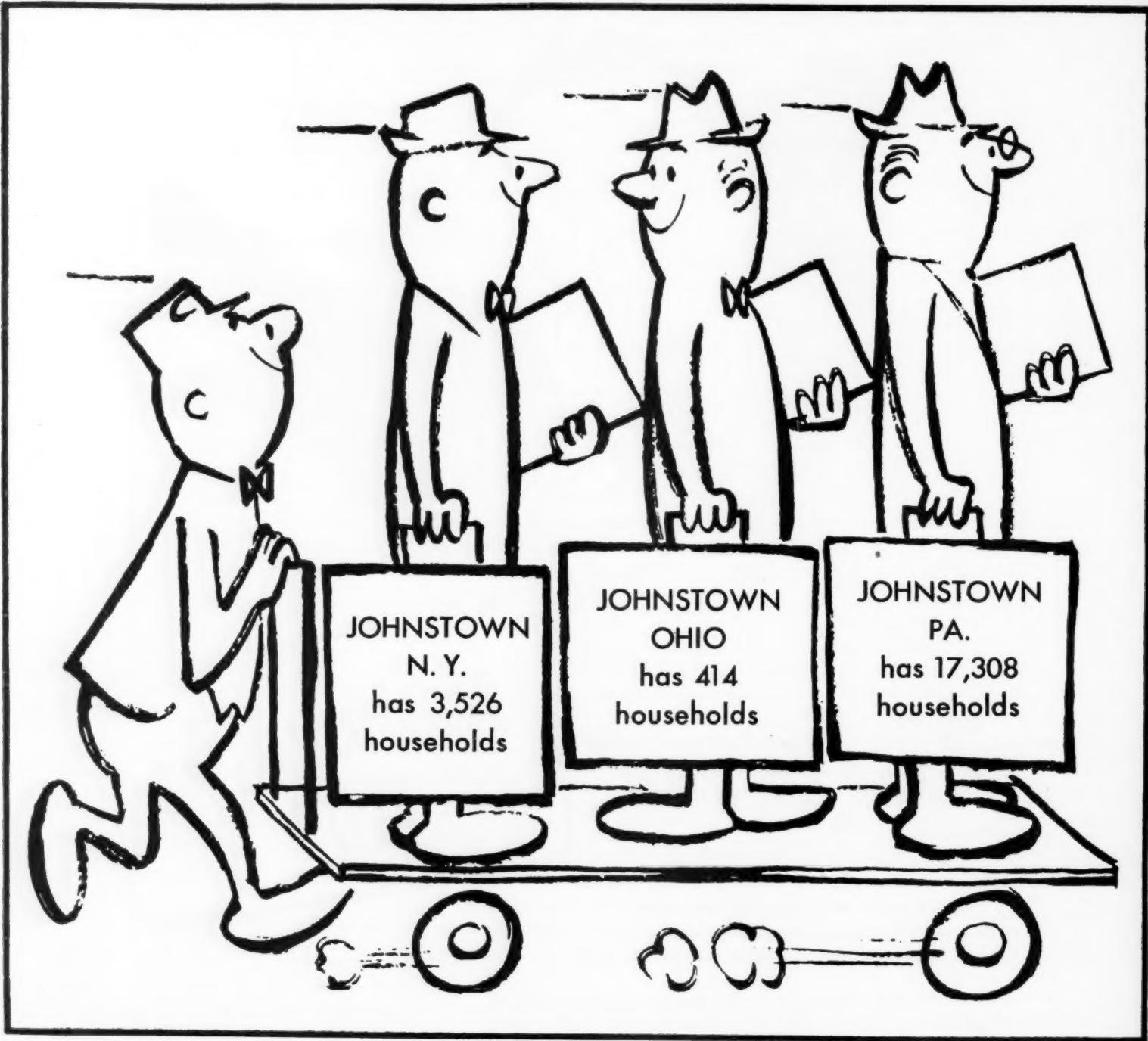
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